

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing an Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109

**COMMENTS OF PAETEC HOLDING CORP.,  
MPOWER COMMUNICATIONS CORP., U.S. TELEPACIFIC CORP.,  
RCN TELECOM SERVICES, LLC, AND TDS METROCOM, LLC**

April 18, 2011

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## **EXECUTIVE SUMMARY**

PAETEC, TelePacific, RCN, and TDS Metrocom (“Facilities-based CLECs”) commend the FCC for its comprehensive Notice and its commitment to completing action in this docket quickly. The Facilities-based CLECs’ comments focus on a number of critical areas: IP interconnection, rate reform and the transition period necessary to undertake those reforms, the recovery mechanism, and related topics.

First, in order to promote IP-to-IP interconnection, the most effective and timely action the Commission can take is to confirm immediately that provision of such interconnection falls within incumbent LECs’ duties under sections 251(c)(2) and 252(d), and that the terms of such interconnection can be arbitrated under the process set forth in section 252.

Further, Facilities-Based CLECs support first reducing intrastate access rates to interstate levels (while leaving all other intercarrier rates unchanged) over a measured transition period. The Commission’s first steps should focus on reducing the highest rates, intrastate access charges, which are clearly not cost-based and thus have incentivized the most arbitrage; rather than treating VoIP separately and imposing a VoIP specific rate or bill-and-keep at the outset as urged by some large LECs and most wireless providers. Adopting a VoIP specific rate or bill-and-keep would only perpetuate arbitrage.

One possible means to balance the Commission’s competing goals and the disparate calls among carriers, with some advocating a measured transition and others a quick transition, is to make the transition period vary between three and seven years based on the difference between each carrier’s existing state tariffed intrastate access rates and its federally tariffed interstate access rates. At the end of the first three years of such transition, the Commission could better assess the need for, and level of, further rate reductions on the path toward a unitary terminating rate.

To assess the merits and practicality of a sliding scale transition period, we analyzed the existing interstate and intrastate access rates filed by NECA and switching rates filed by AT&T

to determine the comparative differences between these rates on a state-by-state basis. The analysis of the NECA rates demonstrates that the rate differential varies from intrastate rates being lower than interstate rates to greater than 500% of interstate rates (*i.e.*, five times higher). Further, the intrastate rate was equal to or less than the interstate rate in only *six out of the forty-one* states reported by NECA. Rate discrepancies of this magnitude, which are not limited to rural incumbent LECs, support calls for a longer transition period.

Facilities-based CLECs also propose an alternative safe harbor, under which a LEC could elect to impose a unified, cost-based rate on all terminating minutes of use. LECs making this election would give up their right to a measured transition in exchange for certainty that the lower, unified rate could be collected on every terminating minute of use.

The Facilities-based CLECs<sup>1</sup> provide a number of recommendations regarding the Commission's proposed recovery mechanism to ensure that it will promote both broadband deployment and competition. For example, the recovery mechanism should assume access minutes of use ("MOU") erode during the transition to lower rates, as clearly demonstrated by the Facilities-based CLECs' analysis of NECA MOU attached to these comments.

Finally, the CLECs urge the Commission to enforce the requirement to pay intercarrier compensation with investigations and forfeitures just as it does in other instances of non-payment (universal service) and other anti-competitive practices (universal service and slamming). Ensuring that carriers are able to collect revenues for the termination services they provide would reduce uncertainty and free up accounting reserves and capital for more network and product broadband investment.

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<sup>1</sup> TDS Metrocom, LLC does not join in this section of the Comments.

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Lifeline and Link-Up	)	WC Docket No. 03-109

**APRIL 18TH INITIAL COMMENTS**

PAETEC Holding Corp. (on behalf of its operating subsidiaries PAETEC Communications, Inc., McLeodUSA Telecommunications Services, L.L.C., and the common carrier operating subsidiaries of US LEC L.L.C. and Cavalier Telephone) (jointly, “PAETEC”), Mpower Communications Corp. and U.S. TelePacific Corp., each d/b/a TelePacific Communications, RCN Telecom Services, LLC, and TDS Metrocom, LLC<sup>2</sup> (together, “Facilities-Based CLECs” or “the CLECs”) file these comments on the Federal Communication Commission’s (“FCC’s”) Notice of Proposed Rulemaking (“NPRM”).<sup>3</sup>

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<sup>2</sup> TDS Metrocom, LLC does not join in Section IV of these Comments.

<sup>3</sup> *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation System, et al.*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Dockets No. 01-92, 96-45, FCC 11-13, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking (rel. Feb. 8, 2011) (“NPRM”).

## I. INTRODUCTION

Each of the Facilities-Based CLECs has invested heavily in broadband facilities in the past, continues to invest today, and has ongoing plans to make substantial investments in deployment of broadband facilities in the future. Because these investments are costly, the Facilities-Based CLECs need continued access to investment capital from the financial markets at a reasonable cost to pursue their investment strategies. For example, one of the CLECs recently constructed several fiber “on and off ramps” to deploy broadband to promising agribusinesses and other previously underserved end users in more outlying areas. This effort cost more than \$500,000 per on/off ramp in order to expand the CLEC’s broadband offerings to just a few wire centers.<sup>4</sup>

Midsized and small carriers, including CLECs, need a measured transition plan that reduces rates on a predictable glide path and avoids a flash cut. A flash cut to a zero (bill-and-keep) or low rate for access charges and/or VoIP terminating rates is of particular concern to Facilities-based CLECs who may not be permitted to recoup any lost revenues from the universal service system, offer services only in competitive markets that may not allow lost revenues to be recouped or offset in the form of higher charges to end users, and face other uncertainties (such as special access price increases, uncertainty regarding retirement of copper loops needed to provide Ethernet over copper, etc.) that may negatively impact their ability to raise needed capital.

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<sup>4</sup> See Comments of PAETEC, TelePacific, New Edge Networks, and TDS Metrocom in Response to NBP Public Notice No. 11, GN Docket Nos. 09-47, 09-51, 09-137, WC Docket No. 05-25, at 4, 26, 35 (Nov. 4, 2009); Ex Parte of National Telecommunications Cooperative Association (“NTCA”), PowerPoint Presentation Slide 7 (Sept. 2, 2009). For example, in one exchange in Nebraska, Great Plains Communications estimated that 145 miles of backhaul fiber would be needed to serve 503 subscribers in the exchange at a cost of approximately \$2.175 million. *See id.*

## **II. THE COMMISSION SHOULD CONFIRM THAT IP-TO-IP INTERCONNECTION IS REQUIRED BY SECTION 251(C)(2) (NPRM SECTION XVI)**

### **A. The Commission Should Remove Barriers to the Transition to IP Interconnection**

The NPRM correctly recognizes that the telecommunications industry is already well underway in a transition to IP technology, and that the end result of this transition must be direct IP-based interconnection between telecommunications carriers.<sup>5</sup> The Commission states, “The record also suggests that IP interconnection can be more efficient. In particular, the transition to IP can result in cost savings, including reductions in circuit costs, switch costs, space needs, and utility costs, as well as the elimination of other signaling overhead.”<sup>6</sup> This is correct; the CLECs have experienced the cost savings available by converting to IP, either within their own networks and/or in connections to other networks, and end user customers are benefiting through greater service value.

The Commission has asked “at what stage of reform” should the issue of IP-to-IP interconnection be addressed.<sup>7</sup> Facilities-based CLECs believe that the Commission should immediately clarify in this or another proceeding that IP-to-IP interconnection is an obligation under section 251(c)(2) of the Act. That clarification would then provide certainty to industry participants to know the statutory framework of negotiations and obligations that would govern, and allow the parties to negotiate the details of an IP-to-IP interconnection arrangement. The CLECs strongly disagree with the notion in the NPRM that the current intercarrier compensation regime is a primary impediment to IP interconnection. Existing rate levels for switched access services have not been a barrier to deployment of IP technology. As the record shows, and as the CLECs’ experience confirms, IP technology is already widely deployed within the industry. Virtually all newly-deployed switches either use IP technology natively, or accept IP interfaces;

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<sup>5</sup> See NPRM, ¶ 506.

<sup>6</sup> NPRM, ¶ 506.

<sup>7</sup> NPRM, at ¶¶ 678-79.



and carriers using older switches can install media gateways that convert between TDM and IP formats. The transition is well underway, and delay in completing it imposes costs that ultimately are passed through to consumers. It is no longer a question of whether existing TDM interconnections must be replaced by IP. Instead, what is delaying the transition to IP-to-IP interconnection is the resistance by the largest incumbent LECs that are unwilling to acknowledge such interconnection is an obligation under the 1996 Telecommunications Act and want it wholly unregulated so as to have the ability to dictate unilaterally terms of IP-to-IP interconnection that are wholly favorable to their interests. Interconnection with incumbent LECs constitutes a large fraction of both local and interexchange voice traffic, and therefore the incumbents' refusal to negotiate IP interconnection terms under the competitive protections of sections 251/252 can cause a significant increase in the cost of IP-to-IP interconnection.<sup>8</sup> In order to achieve the FCC's objectives, stated in the Broadband Plan and the NPRM, of fostering the expansion of broadband services to all areas of the U.S. as rapidly as possible, requiring incumbent LECs to negotiate 251/252 interconnection arrangements for IP-to-IP interconnection should be one of the key outcomes of this NPRM.

**B. IP-to-IP Interconnection Falls Within Incumbent LECs' Duty Under Section 251(c)(2)**

The most effective and timely action the Commission can take to promote IP-to-IP interconnection in this proceeding is to confirm immediately that provision of such interconnection falls within incumbent LECs' duty under section 251(c)(2), and that the terms of such interconnection can be arbitrated under the process set forth in section 252. Incumbent

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<sup>8</sup> The competitive protections of Sections 251/252 include a more "stringent" nondiscrimination obligation (see, e.g., *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers*, First Report and Order, CC Docket Nos. 96-98 & 95-185, FCC 96-325 ¶¶ 217-18 (rel. Aug. 8, 1996)), and requirements that interconnection agreements be publicly filed with state commissions, be made available to other requesting carriers, and include cost-based rates for both interconnection and the transport and termination of traffic.

LECs are required to provide IP-to-IP interconnection under existing law and FCC rules because it is “technically feasible.”

Under section 251(c)(2), incumbent LECs have a duty to provide to “any requesting telecommunications carrier, interconnection with the local exchange carrier’s network -- (A) for the transmission and routing of telephone exchange service and exchange access; (B) *at any technically feasible point* within the carrier’s network; (C) that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection; and (D) on rates, terms, and conditions that are just, reasonable, and nondiscriminatory.”<sup>9</sup> As the record already compiled in this docket establishes, some competitive carriers including CLECs are using IP technology for “transmission and routing of telephone exchange service and exchange access” – that is, for delivery of voice telephone calls to and from the PSTN.<sup>10</sup> They therefore are entitled to request any technically feasible form of interconnection with the incumbent LEC for that traffic.

IP-to-IP interconnection is technically feasible as that term is used in the Commission’s rules implementing section 251. A form of interconnection may be “technically feasible” even if the incumbent is not currently using it, and even if the incumbent must incur some additional cost in order to provide it. In fact, the Commission’s definition of “technical feasibility” expressly excludes consideration of economic concerns in the determination of technical feasibility:<sup>11</sup>

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<sup>9</sup> 47 U.S.C. § 251(c)(2) (emphasis added); 47 C.F.R. § 51.305(a)(2).

<sup>10</sup> The Commission has already determined that so-called IP-in-the-middle traffic, which both originates and terminates on the PSTN, is a telecommunications service even though a portion of the call is carried in IP format. *See Petition for Declaratory Ruling that AT&T’s Phone-to Phone IP Telephony Services are Exempt from Access Charges*, Order, 19 FCC Rcd. 7457 (2004).

<sup>11</sup> *See Application by SBC Communications, Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas*, CC Docket No. 00-65, Memorandum Opinion and Order, FCC 00-238, at 110-111 (rel. Jun. 30, 2000) (“Texas PUC Order”); *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, First Report and Order, Docket No. 96-98, 11 FCC Rcd 15499, ¶¶ 198-200 (“*First Local Competition Order*”), subsequent history omitted. The Commission’s definition of “technically feasible”

The determination of technical feasibility does not include consideration of *economic*, accounting, billing, space, or site concerns, except that space and site concerns may be considered in circumstances where there is no possibility of expanding the space available. *The fact that an incumbent LEC must modify its facilities or equipment to respond to such request does not determine whether an interconnection request is technically feasible.*<sup>12</sup>

The Commission held in the *First Local Competition Order* that “it is reasonable to interpret Congress’s use of the term ‘feasible’ in sections 251(c)(2) and 251(c)(3) as encompassing more than what is merely ‘practical’ or similar to what is ordinarily done. That is, use of the term ‘feasible’ implies that interconnecting or providing access to a LEC network element may be feasible at a particular point even if such interconnection or access requires a novel use of, or some modification to, incumbent LEC equipment. This interpretation is consistent with the fact that incumbent LEC networks were not designed to accommodate third-party interconnection ....”<sup>13</sup> As the FCC recently argued before the Supreme Court, “The text of the statute and years of Commission precedent make clear that the incumbent must make available at cost-based rates both the method and the point of interconnection requested by the competitive LEC, unless the incumbent can demonstrate that the request is technically infeasible.”<sup>14</sup>

If an incumbent LEC uses SIP, ATM or other IP-to-IP interconnection methods in its network, then such method is demonstrably technically feasible and becomes a mandatory method and form of interconnection under the Commission’s rules and the Act.<sup>15</sup> However, if an

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was affirmed by the Eighth Circuit in *Iowa Utils. Bd. v. FCC*, 219 F.3d 744, 757 (8th Cir. 2000), *aff’d in relevant part and rev’d in part*, *Verizon Comms., Inc. v. FCC*, 535 U.S. 467 (2002).

<sup>12</sup> 47 C.F.R. § 51.5 (emphasis added).

<sup>13</sup> *First Local Competition Order*, ¶ 202; *See*, Texas PUC Order, at 111.

<sup>14</sup> Brief for the United States as Amicus Curiae Supporting Petitioners, at 27, *Talk America, Inc. v. Michigan Bell Tel. Co.*, (U.S. 2011) (Nos. 10-313 and 10-329) (“FCC Talk America Brief”).

<sup>15</sup> *See* 47 C.F.R. § 51.305(c)-(d) (“Previous successful interconnection at a particular point in a network, using particular facilities, constitutes substantial evidence that interconnection is technically feasible at that point, or at substantially similar points, in networks employing substantially similar

incumbent LEC does not currently use these methods in its network, that does not mean that these methods are not technically feasible.<sup>16</sup> The incumbent would still need to demonstrate some “technical or operational concerns that *prevent* the fulfillment of a request by a telecommunications carrier for such interconnection ....”<sup>17</sup> Given the wide availability and use of IP-compatible equipment throughout the industry, the CLECs doubt that it would be possible to

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facilities. *Adherence to the same interface or protocol standards shall constitute evidence of the substantial similarity of network facilities.*”) (emphasis added).

<sup>16</sup> The CLECs believe that many incumbent LECs already use IP technologies within their networks for switching and/or transmission of voice traffic, even if they do not offer to interconnect with other carriers using these methods. For example, Verizon’s FIOS service and AT&T’s U-Verse service are both widely reported to be based on IP technology. Further, soft-switch vendors have reported that their products are used by rural LECs, among other carriers. *See, e.g.*, Verizon’s description of its Carrier IP Termination (SIP), Carrier IP Termination Transport, and SIP Gateway Services available at <http://www22.verizon.com/wholesale/solutions/> (“customers can choose to interface with the Verizon IP Network via the Public Internet, Dedicated Internet Access (DIA), or SIP Internet Access (SIA). An IP SEC Tunnel and the ability to support a P-Asserted ID is required for this application regardless of the interface type chosen.”); Qwest’s description of its IP Voice 1+Termination product available at <http://www.qwest.com/wholesale/pcat/natipvoiceterm.html>. (“No longer will you need to purchase or manage the gateways necessary to make these conversions. Qwest does it all! First, your IP voice traffic traverses the Qwest IP transport to the Session Border Controller (SBC). The SBC provides the necessary firewall protection to give your traffic an additional level of protection on Qwest’s IP voice infrastructure. Qwest’s media gateways terminate your IP voice calls to the TDM circuit-switched network. Calls are terminated either domestically or internationally to the PSTN via TDM.”... “Connect to Qwest’s network using a DS-1 to OC-48 dedicated data circuit. Providers collocated in a Qwest point of presence (PoP) location may connect via an Ethernet cross-connect. Service providers may also connect via the public Internet.”); AT&T, Inc. 2010 Annual Report at 5-6 (“Our third major growth platform is AT&T U-verse, an integrated set of services – high quality TV with unique features and functionality, high speed Internet, and voice – all delivered over an advanced Internet Protocol network.”) available at: <http://www.att.com/gen/investor-relations?pid=19234>. *See also* REDCOM Laboratories, Inc., “Redcom HDX,” at [http://www.redcom.com/documents/HDX\\_Brochure\\_V4\\_CO.pdf](http://www.redcom.com/documents/HDX_Brochure_V4_CO.pdf) (“REDCOM’s HDX Carrier-Class 4/5 softswitch with TRANSip® offers fully integrated VoIP and TDM in an all-inclusive central office platform. In the transition to VoIP, the idea of wholesale replacement of network assets is not only expensive, it is often completely unrealistic. The HDX brings VoIP connectivity to rural central offices, providing an integrated VoIP and TDM migration platform so that you don’t require additional external boxes.”); “GENBAND Scores Rural Telco Win With Eastex,” *telecompetitor.com* (Sept. 9, 2010) at <http://www.telecompetitor.com/genband-scores-rural-telco-win-with-eastex/> (“GENBAND, a leading developer of IP solutions and services, and Eastex Telephone Coop., Inc. (Eastex), one of the largest rural carriers in Texas, today announced the deployment of GENBAND’s industry-leading C15™ Compact Softswitch to deliver communication services to Eastex’ residential and business subscribers across rural East Texas.”).

<sup>17</sup> 47 C.F.R. § 51.5 (emphasis supplied).

show any technical or operational issues that were so severe as to “prevent” interconnection in this manner.

Nor can incumbents deny requests for IP interconnection on the basis that CLECs do not require such interconnection or that it would require the incumbent to modify its network. First, although incumbents convinced the FCC that CLECs are not “impaired” without *unbundled access* to certain packet-based services,<sup>18</sup> “an incumbent carrier’s duty to provide interconnection at cost-based rates does not depend on whether the competitive LEC ‘require[s]’ interconnection or would be impaired in its ability to provide service if interconnection were unavailable.”<sup>19</sup> The impairment standard applies exclusively to section 251(c)(3); “no impairment analysis is required, however, in determining an incumbent’s interconnection duty under Section 251(c)(2).”<sup>20</sup>

Second, the Act and FCC rules require incumbents to “adapt their facilities to interconnection or use by other carriers” in order to accommodate “novel use of” their facilities by competitive carriers.<sup>21</sup> This includes requirements to construct new facilities where none already exist.<sup>22</sup> Just as the FCC found meet point interconnection is a technically feasible method of interconnection for which incumbents must construct meet point facilities, the FCC should find that IP-to-IP interconnection is a technically feasible method of interconnection and that incumbents must modify their networks to accommodate such requests by CLECs.

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<sup>18</sup> See, e.g., *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advanced Telecommunications Capability*, Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, 18 FCC Rcd 16978, ¶ 537 (2003), (subsequent history omitted) (“TRO”).

<sup>19</sup> FCC Talk America Brief, at 29.

<sup>20</sup> FCC Talk America Brief, at 28.

<sup>21</sup> *First Local Competition Order*, ¶ 202.

<sup>22</sup> See *id.*, ¶ 553.

**C. Terms and Conditions of IP-to-IP Interconnection are Subject to Arbitration by State Commissions**

Because IP-to-IP interconnection falls within an incumbent LEC's obligations under section 251 for the reasons discussed above, the terms and conditions of such interconnection, including pricing, are subject to arbitration under section 252. Ideally, arbitration should not be necessary if incumbent LECs would negotiate these arrangements in good faith, but should such negotiations fail due to incumbent LEC intransigence, CLECs should be able to request arbitration of the terms of IP-to-IP interconnection under the process and timeline set forth in section 252.<sup>23</sup> Section 252 could in effect be used to jump start the process of moving from TDM interconnection toward IP-to-IP interconnection.

In an arbitration proceeding, incumbent LECs would have the opportunity to raise any technical or operational concerns regarding IP-based interconnection. Under the Commission's rules, however, the incumbent LEC would have the burden of proving that a proposed method of interconnection is not technically feasible.<sup>24</sup> In addition, the incumbent could introduce evidence of any costs associated with IP interconnection that would be recoverable under the rules implementing section 251.

The Commission should also clarify that the rates, terms, and conditions for IP-to-IP interconnection, and for voice traffic exchanged pursuant to section 251(b)(5) over these interconnections, need not be the same as those for existing TDM interconnections, but must be cost-based. The NPRM states "Per-minute charges are inconsistent with peering and transport arrangements for IP networks, where traffic is not measured in minutes."<sup>25</sup> Unlike the 2008

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<sup>23</sup> 47 U.S.C. § 252(b).

<sup>24</sup> See 47 C.F.R. § 305(e) ("An incumbent LEC that denies a request for interconnection at a particular point must prove to the state commission that interconnection at that point is not technically feasible."); Texas PUC Order, at 115 (permitting the use of ISDN signaling for interconnection); 47 C.F.R. § 51.5 ("An incumbent LEC that claims that it cannot satisfy such request because of adverse network reliability impacts must prove to the state commission by clear and convincing evidence that such interconnection, access, or methods would result in specific and significant adverse network reliability impacts.").

<sup>25</sup> NPRM, ¶ 40. See also *id.*, ¶ 505 (citing National Broadband Plan).

NPRM, however, the Commission cites no evidence of how and what costs are incurred in a soft switch architecture typically deployed in IP networks to support the assumption that per-minute charges are not appropriate.

Because carriers have few, if any, direct IP interconnection arrangements today, it is too early for the Commission to conclude that traffic-sensitive costs are not incurred when traffic is exchanged in IP. That kind of determination requires evidentiary cost information that state commissions can best resolve through an arbitration process if negotiations fail. State commissions may find that a per-minute rate structure is not appropriate for traffic exchanged over IP interconnections, but that some other type of usage-sensitive rate element may be appropriate.

Although the Commission has authority to adopt national rules guiding the State commissions in determining reasonable rates, terms, and conditions for interconnection and for reciprocal compensation,<sup>26</sup> the CLECs suggest that it would be prudent to refrain from exercising that authority immediately. Competitive carriers have experience with IP-to-IP interconnection among themselves, but there is little or no comparable experience with this form of interconnection to incumbent LEC networks, because the incumbent LECs for the most part have refused to offer it. Given this lack of experience, the Commission would benefit from allowing some time for carriers to develop specific interconnection terms through negotiation, with State commission arbitration as a backstop. The results of this experimentation would provide the Commission with real-world data points to use in a subsequent phase of this proceeding to determine whether, and what kind of, nationwide rules for IP-to-IP interconnection terms would be appropriate.

In sum, the outcome of this NPRM should include a finding that IP-to-IP interconnection is technically feasible and that the Act imposes a duty on incumbent LECs to accommodate

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<sup>26</sup> *First Local Competition Order*, paras. 83-103, 111-119, *aff'd in relevant part*, *Verizon Comms., Inc. v. FCC*, 535 U.S. 467 (2002).

CLECs' requests for this method of interconnection subject to the standards of sections 251 and 252, which include a requirement that interconnection be provided by incumbents at cost-based rates, but does not include a requirement that CLECs be impaired without such interconnection.

### III. REDUCING ACCESS CHARGES

The Commission seeks comment regarding what the end result of its comprehensive intercarrier compensation reform process should be. The Commission “propose[s] to adopt a sustainable long-term framework to *gradually* reduce all per-minute charges.”<sup>27</sup> The Commission observes “that the current system results in considerable instability for carriers as revenues are declining at unpredictable rates,” especially for small and mid-sized price cap LECs.<sup>28</sup> Accordingly, the Commission seeks to establish a “more certain glide path for the transition to an all-IP future” and lower terminating rates for all forms of traffic.<sup>29</sup> To achieve these ends, the Commission seeks comment on the timing and “the sequencing of ICC rate reductions and how the sequencing options relate to the roles of the states and the Commission,” and whether rate reductions for interstate and intrastate access charges should proceed concurrently, or if the Commission should begin with “reductions in intrastate access charges to interstate levels, followed by a reduction of all ICC rates.”<sup>30</sup>

In addition, the Commission has proposed several alternatives regarding the terminating rate for interconnected VoIP traffic (*e.g.*, bill-and-keep, a VoIP specific rate, application of all existing charges, and others), and has requested comments on the glide path to achieving its goal

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<sup>27</sup> NPRM, at ¶ 40 (emphasis added).

<sup>28</sup> NPRM, at ¶¶ 41, 504 (“Thus, as minutes-of-use decline and demand falls, price cap LECs have no means of offsetting these losses through rate changes.”).

<sup>29</sup> NPRM, at ¶¶ 41, 491 (“we also seek comment on whether we should set a glide path to reform wireless termination charges, possibly including intrastate access charges paid by or to wireless providers.”).

<sup>30</sup> NPRM, at ¶ 42.



of a unitary terminating rate for all traffic, and the timing and sequencing of rate reductions for terminating traffic.<sup>31</sup> Finally, the Commission has requested comment on its legal authority to impose intercarrier compensation reform over various types of traffic.<sup>32</sup>

**A. “Measured” Transition to a Unitary Terminating Rate (NPRM Sections XII-XIII)**

The Facilities-Based CLECs share the Commission’s view that “it is important for any transition to be *gradual enough* to enable the private sector to react and plan appropriately.”<sup>33</sup> We applaud the Commission’s intention “to avoid sudden changes or ‘flash cuts in [Commission] policies, acknowledging the benefits of *measured transitions* that enable stakeholders to adapt to changing circumstances and minimize disruption.”<sup>34</sup> In addition, the Commission states that any approach to reform of the intercarrier compensation regime must balance multiple concerns including, but not limited to: “(a) harmonizing rates and otherwise reducing arbitrage opportunities; (b) *minimizing disruption to service providers*, including litigation and revenue uncertainty; and (c) minimizing the impact on consumers and on the Commission’s ability to *control the size of the universal service fund*.”<sup>35</sup>

We agree with the Commission that these goals “can be accommodated by the sequencing and timing of rate reductions”<sup>36</sup> and other adjustments. The National Broadband Plan

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<sup>31</sup> NPRM, at ¶¶ 529, 533-34, 552-553, 613, 615-619.

<sup>32</sup> NPRM, at ¶ 42.

<sup>33</sup> NPRM, at ¶ 533 (emphasis added). A measured transition plan is consistent with the National Broadband Plan, which observed that “[s]udden changes in USF and ICC could have unintended consequences that slow progress” and that “[s]uccess will come from a clear road map for reform, including guidance about the timing and pace of changes to existing regulations, so that the private sector can react and plan appropriately.” *Connecting America: The National Broadband Plan*, GN Docket No. 09-51, at 135-36, 141, 143, Recommendation 8.7 (2010). (“National Broadband Plan”).

<sup>34</sup> NPRM, at ¶ 12 (emphasis added).

<sup>35</sup> NPRM, at ¶ 535 (emphasis added).

<sup>36</sup> NPRM, at ¶ 533.

and numerous carriers in this proceeding have supported a “gradual,” or, as the Commission phrased it, a “measured” transition to avoid sudden negative consequences, including disruption of service provider business plans that could lead to a loss of access to capital, and rapid growth in the universal service fund.<sup>37</sup> Most importantly, the financial markets anticipate a measured transition, and have warned that too rapid a transition could result in a market refusal to finance continued broadband deployment, a refusal to extend additional capital to mid-sized and smaller LECs (including CLECs), or at a minimum a substantial increase in their cost of capital that could be avoided with a measured transition with more gradual rate reductions.<sup>38</sup>

### **1. The Commission Should First Reduce Intrastate Access Rates to Interstate Levels**

In light of these Commission objectives and the negative effects of a flash cut, Facilities-Based CLECs support first reducing intrastate access rates to interstate levels (while leaving all other intercarrier rates unchanged) over a measured transition period. The Facilities-Based CLECs propose a measured transition period that would give carriers a minimum of three years to equalize intrastate and interstate access rates and five years or more based on data that shows a great disparity between such rates today in many states and for many carriers. In general, a measured transition that varies by carrier and by state depending upon the magnitude of the difference between a carrier’s existing tariffed intrastate and interstate access charges at the outset of the initial phase of the transition, together with a safe harbor that permits electing

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<sup>37</sup> See, e.g., Cox Comments, at 4 (“the Commission should take the following actions to providing the most stable transition possible: (1) *adopt a glide path -- without ‘flash cuts’* - to permanent, low intercarrier compensation rates and take the steps necessary to facilitate the changeover from TDM- to IP-based interconnection in an orderly and measured fashion . . .”) (emphasis added); National Broadband Plan, at 148.

<sup>38</sup> See, e.g., FCC Workshop on Intercarrier Compensation Reform, Panel 2, Comments and Responses of Mr. Paul Gallant, Senior Vice President, MF Global.

carriers to move to a unified rate, could reconcile competing demands for differing transition periods.

As the Commission noted in the NPRM, and the Comments filed on April 1st further bear out, “[t]here is general industry sentiment that intrastate rates should be reduced first because they are the highest, and because eliminating the discrepancy between intrastate and interstate access charges could reduce arbitrage.”<sup>39</sup> In addition, reducing intrastate rates to interstate levels is also consistent with the recommendations of the National Broadband Plan which provides that intercarrier compensation reform “should begin by reducing intrastate rates to interstate rate levels in equal increments over a period of time.”<sup>40</sup> Finally, several forward looking states have already initiated proceedings to reduce intrastate rates to bring them more in line with interstate rates or are contemplating such action.<sup>41</sup> Of those states that have completed transition of intrastate access charges to lower levels (either bringing CLEC rates down to mirror ILECs or all intrastate rates down to mirror interstate rates), many of them have adopted a measured transition, with some stretching out as long as ten years.<sup>42</sup>

## **2. The Commission Should Ignore Calls for a VoIP Specific Rate or Bill-and-Keep**

The Commission’s first steps should focus on reducing the highest rates, intrastate access charges, which are clearly not cost-based and thus have incentivized the most arbitrage; rather than treating VoIP separately and imposing a VoIP specific rate or bill-and-keep at the outset as

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<sup>39</sup> NPRM, at ¶ 552.

<sup>40</sup> National Broadband Plan, at 148-149 (Recommendations 8.7, 8.11).

<sup>41</sup> *See, e.g.*, Comments of the Michigan Public Service Commission, at 3; AT&T provides state by state information on state efforts to reform intrastate access charge rates in its October 25, 2010 ex parte filing. Ex Parte Comments of AT&T, CC Docket No. 01-92, WC Docket No. 05-337, GN Docket No. 09-51, at Attachments 1 & 2 (Oct. 25, 2010).

<sup>42</sup> *See* Ga. H.B. 168 (June 2010).

urged by some large LECs and most wireless providers.<sup>43</sup> As discussed more fully in Comments on Section XV, adopting a VoIP specific rate or bill-and-keep would only perpetuate arbitrage because carriers cannot distinguish interconnected VoIP from TDM traffic and a lower rate for VoIP provides a heightened incentive for arbitrage that some (including Verizon and Sprint) apparently cannot resist.<sup>44</sup> It does not cost the terminating carrier any less to terminate a call that originated or comes to them as VoIP than one wholly on the PSTN.

Moreover, as many carriers have commented, a disparate rate for VoIP would undermine any measured transition plan and glide path devised by the Commission and would result in instability in the industry, which the Commission wisely seeks to prevent.<sup>45</sup> Frontier, for example, anticipates that:

if the Commission chooses to adopt *either a bill-and-keep or some arbitrarily nominal rate* [for VoIP traffic], Frontier will be unable to recoup any meaningful intercarrier compensation for a large and growing number of minutes. Such a change would also fail to include a planned and predictable timetable for a transition which would undermine the ability of companies to aggressively invest in broadband deployment . . . The unfortunate result would be that any and all access revenues . . . would become non-existent within a rapid timeframe without transition.<sup>46</sup>

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<sup>43</sup> Comments of T-Mobile, at 2-3; Comments of CTIA, at 11 (“CTIA believes that IP-PSTN traffic should be placed under a default bill and keep regime now, even as the Commission works to develop a transitional mechanism for other types of traffic.”); Comments of Sprint Nextel, at 2 (“VoIP traffic should be subject immediately to a bill-and-keep regime.”); Comments of MetroPCS Communications, at 5 (“However, if the Commission does not adopt a bill-and-keep system at this time, it should, at the very least, adopt certain safeguards, including a uniform termination rate of no higher than \$0.0007 . . .”).

<sup>44</sup> Comments of PAETEC, TelePacific, and RCN, at 33-34; Comments of Frontier Communications, at 5 (“*Frontier cannot identify whether the traffic it receives originates as either VoIP traffic or traditional switched access traffic nor is there a simple technical solution that would enable it to do so.*”) (emphasis in original).

<sup>45</sup> NPRM, at ¶¶ 41, 490 (“we aim to create a framework and transition that is *predictable* to enable service providers and investors time to react and plan appropriately.”) (emphasis added).

<sup>46</sup> Comments of Frontier Communications, at 6-7.

In light of certain very large carriers' recent unilateral reductions of tariffed rates or their outright refusal to pay access charges, the Facilities-Based CLECs agree with Frontier, NECA, NTCA and others on the point that establishing bill-and-keep or an arbitrarily low VoIP specific rate will result in a rapid decline in access payments that are actually collected by all carriers due to unlawful self help and arbitrage as more and more carriers insist a growing portion of their traffic is VoIP.<sup>47</sup> The reality would likely be (as Frontier puts it) access charges effectively being "eliminated overnight" as carriers claim ever larger amounts of traffic are VoIP, with the result that "a real transition and meaningful reform would be out of the Commission's control."<sup>48</sup> In effect, imposing bill-and-keep or an arbitrarily low VoIP specific rate would likely result in the very "flash cut" in revenues that the Commission seeks to avoid,<sup>49</sup> instead of a "measured" transition, because carriers have no practical means of distinguishing VoIP traffic from other forms of traffic.

### **3. The Commission Should Adopt a Transition Period that Varies by Carrier by State on a Sliding Scale**

As the Commission observes, "given the magnitude of intrastate access charges, accelerated intrastate access rate reductions may have a larger financial impact for certain carriers,"<sup>50</sup> especially small and mid-sized rural LECs and CLECs. With this in mind, as well as the Commission's goals of "minimizing disruption to service providers" and controlling the size of the Universal Service fund, the Facilities-Based CLECs propose that reductions in intrastate

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<sup>47</sup> Comments of NECA *et al.*, at 5 ("Indeed, if the Commission were to find now that VoIP traffic should be subject to a very low or 'zero' rate, it might as well cease all further ICC reform activity").

<sup>48</sup> Comments of Frontier Communications, at 7 ("instead of allowing for a transition - a *ten year* period as contemplated by the National Broadband Plan - all payments for terminating traffic would be eliminated overnight and a real transition and meaningful reform would be out of the Commission's control. No doubt, such a drastic loss of revenue would severely strain many companies' ability to meet the Commission's goal of furthering broadband deployment.").

<sup>49</sup> NPRM, at ¶¶ 12, 504.

<sup>50</sup> NPRM, at ¶ 553, n.831.

rates to interstate levels take place over a period of at least three years in duration, with increases in the minimum up to seven years based on greater rate disparities exhibited by carrier and by state.<sup>51</sup>

One possible means to balance the Commission's competing goals and the disparate calls among carriers, with some advocating a measured transition and others a quick transition, is to make the transition period a function of the difference between each carrier's existing state tariffed intrastate access rates and its federally tariffed interstate access rates. For example, tariffed intrastate access rates that are 101-200% greater than the federal interstate rates could be equalized over a three year period; intrastate access rates that are 201-300% greater than interstate rates in four years; intrastate access rates that are 301-400% greater than interstate access rates in five years; etc. At the end of three years, the Commission could assess the need for, and level of, further rate reductions on the path toward a unitary terminating rate. A three year or greater transition period is also consistent with the term of many end user agreements. For instance, one of the CLEC's end user agreements average between three and five years. Another's standard term is 60 months. Because many of these agreements provide limited, if any, flexibility to increase rates during the term of the agreement, carriers need time to implement increased end user rates to replace the revenue reductions from decreases in intercarrier compensation charges. In addition, analysts on Wall Street and the financial community have made it clear that a predictable and relatively long transition period is needed to reduce "uncertainty" in revenue streams and avoid an increase in the cost of capital for small and

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<sup>51</sup> Where a carrier prefers a shorter transition, such as may be the case where BOTH the delta between intrastate and interstate rates is small AND the actual rate difference is small, the safe harbor election proposed herein could be amended to permit faster unification of access rates. For example, in California AT&T has an average composite state rate of approximately \$0.0085 and interstate rate of approximately \$0.008, and may prefer to unify its access rates in less than three years.

mid-sized LECs, including CLECs. During the Commission’s April 6th Workshop, for example, Mr. Gallant, Senior Vice President of MF Global, warned that the stock prices of many mid-sized rural LECs are already depressed, and if the transition to lower rates is too quick investment capital will leave the space due to “uncertainty” in revenue streams.<sup>52</sup> His recent comments are consistent with investor comments on the FCC’s 2008 proposal to transition to lower, unified rates. For example, the Balhoff Analysis in 2008 estimated that

[a sudden] drop in revenue (not even factoring in potential additional line losses and wireless substitution, capex to support broadband mandates, etc.) would flow directly through to EBITDA and FCF, making valuation assumptions change accordingly. Next would be multiple contraction resulting in a very significant decline in equity prices. In the current environment, the ratings agencies cannot afford to be late to another troubled sector and are likely to downgrade the entire group on concerns that debt service may be unfeasible, which would have an immediate impact on debt costs and the ability to raise capital and in turn would likely result in lower investment, even lower revenue, and lower [free cash flow].<sup>53</sup>

Moreover, a measured transition period will help constrain increases in the size of the Universal Service fund by phasing in rate reductions to avoid a sharp increase in the USF rates paid by consumers.

These same concerns indicate that intrastate access rates should be reduced to interstate levels before embarking on the process for reducing other intercarrier compensation rates. In fact, several mid-sized LECs have proposed a pause in rate reductions to afford the Commission an opportunity to reassess the status and impact of rate reductions before finalizing the transition

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<sup>52</sup> FCC Workshop on Intercarrier Compensation Reform, Panel 2, Comments and Responses of Mr. Paul Gallant, Senior Vice President, MF Global.

<sup>53</sup> *Ex Parte* Letter from Michael Balhoff, CFA, to Marlene H. Dortch, Secretary, FCC Docket Nos. 01-92, 99-68, 96-45 and 05-337, at Slide 3 (filed Oct. 28, 2008) (“*Balhoff Analysis*”); “Intercarrier Compensation Reform: Potential Impact From an FCC Order” by Frank G. Louthan IV, Mark DeRussy and Jason Fraser at Raymond James & Associates, Inc., at 3, *attached to Ex Parte* Letter from Joshua Seidemann, Vice President Regulatory Affairs, Independent Telephone & Telecommunications Alliance to Marlene H. Dortch, Secretary, FCC, Docket Nos. 01-92, 96-45, and 05-337 (filed Oct. 28, 2008) (“*Louthan Analysis*”)

to a unitary rate. Specifically, Windstream, Frontier, Iowa Telecommunications Services and others have proposed that the Commission “decline to set further rate reductions (beyond the interstate level) until after it can assess financial conditions in the wake of the first stage of reforms.”<sup>54</sup>

Such a measured approach will aid the Commission in avoiding the risks of creating an even greater revenue short fall for small and mid-sized carriers (including CLECs that provide broadband to many small and medium businesses), flash cuts that would disrupt their settled business plans, and either raise their cost of capital or obstruct entirely their access to capital markets that is so critical for the continued deployment of broadband. As discussed herein and in Section IV below, a flash cut to a zero or low rate is of particular concern to Facilities-based CLECs who may not be permitted to recoup any lost revenues from the universal service system, offer services only in competitive markets that may not allow lost revenues to be recouped or offset in the form of higher charges to end users, and face other uncertainties (such as special access price increases, access to copper, etc.) that may negatively impact their ability to raise needed capital.

#### **4. Available Data Shows That Intrastate Access Rates Often Exceed Interstate Access Rates by More than 200%**

To assess the merits and practicality of the Facilities-Based CLEC’s proposed rate reductions and sliding scale transition period, we analyzed the existing interstate and intrastate access rates filed by NECA and switching rates filed by AT&T to determine the comparative

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<sup>54</sup> Windstream Aug. 24, 2010 Ex Parte Letter at 2; *see also*, Letter from CenturyLink, Consolidated Communications, Frontier Communications Corporation, Iowa Telecommunications Services, Inc. and Windstream Communications, Inc. to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92, Attach. at 3-4 (Dec. 7, 2009) (Broadband Now Plan); NPRM, at ¶ 555.



differences between these rates on a state-by-state basis.<sup>55</sup> Table 1 provides the Interstate Rate/MOU and the Intrastate Rate/MOU for each state reported by NECA, and calculates the percentage difference between those two reported rates for each state. A percentage difference of less than 100% means that the interstate access rate for that particular state is less than the intrastate access rate. A percentage difference of more than 100% means that the intrastate access rate is higher than the interstate access rate for that state, by a factor of that particular percentage. A percentage difference of 200%, for example, means that the intrastate rate is two times higher than the interstate rate, etc.

**TABLE 1 - 2009 Rate Analysis from NECA Report**  
***Rural Association Intercarrier Model for Common Line 2010 Pool Members***

State	Interstate Rate/MOU	Intrastate Rate/MOU	Difference %	Difference \$
NV	\$ 0.0423	\$ 0.0198	47%	\$ (0.0225)
NM	\$ 0.0501	\$ 0.0323	64%	\$ (0.0178)
CA	\$ 0.0261	\$ 0.0198	76%	\$ (0.0063)
LA	\$ 0.0224	\$ 0.0208	93%	\$ (0.0016)
UT	\$ 0.0643	\$ 0.0609	95%	\$ (0.0034)
KS	\$ 0.0298	\$ 0.0285	96%	\$ (0.0013)
IN	\$ 0.0223	\$ 0.0272	122%	\$ 0.0049
ME	\$ 0.0257	\$ 0.0326	127%	\$ 0.0069
TX	\$ 0.0339	\$ 0.0491	145%	\$ 0.0152
OK	\$ 0.0290	\$ 0.0452	156%	\$ 0.0162
ID	\$ 0.0469	\$ 0.0766	163%	\$ 0.0297
Other	\$ 0.0253	\$ 0.0420	166%	\$ 0.0167
IA	\$ 0.0342	\$ 0.0571	167%	\$ 0.0229
WY	\$ 0.0265	\$ 0.0462	174%	\$ 0.0197
WV	\$ 0.0261	\$ 0.0524	201%	\$ 0.0263
MT	\$ 0.0393	\$ 0.0822	209%	\$ 0.0429
OH	\$ 0.0269	\$ 0.0588	219%	\$ 0.0319
NY	\$ 0.0213	\$ 0.0490	230%	\$ 0.0277
AL	\$ 0.0202	\$ 0.0480	238%	\$ 0.0278
NC	\$ 0.0225	\$ 0.0536	238%	\$ 0.0311
MI	\$ 0.0304	\$ 0.0765	252%	\$ 0.0461
ND	\$ 0.0391	\$ 0.0992	254%	\$ 0.0601

<sup>55</sup> With respect to the NECA-reported rates, the analysis was undertaken using the “*Rural Association Intercarrier Model for Common Line 2010 Pool Members State Level Disaggregation (Calendar Year 2009 Data)*” as reported by NECA to the FCC on December 30, 2010. *See*, Letter from Joe A. Douglas, Vice President, Government Relations, NECA, to Marlene H. Dortch, Secretary, FCC, CC Docket Nos. 96-45 & 80-286, and GN Docket No. 09, at Attachment (filed Dec. 30, 2010).

State	Interstate Rate/MOU	Intrastate Rate/MOU	Difference %	Difference \$
AZ	\$ 0.0362	\$ 0.0929	257%	\$ 0.0567
WI	\$ 0.0229	\$ 0.0589	257%	\$ 0.0360
MN	\$ 0.0288	\$ 0.0743	258%	\$ 0.0455
SC	\$ 0.0159	\$ 0.0426	268%	\$ 0.0267
CO	\$ 0.0239	\$ 0.0676	283%	\$ 0.0437
SD	\$ 0.0474	\$ 0.1350	285%	\$ 0.0876
IL	\$ 0.0202	\$ 0.0610	302%	\$ 0.0408
GA	\$ 0.0210	\$ 0.0641	305%	\$ 0.0431
TN	\$ 0.0171	\$ 0.0534	312%	\$ 0.0363
NE	\$ 0.0345	\$ 0.1084	314%	\$ 0.0739
KY	\$ 0.0221	\$ 0.0744	337%	\$ 0.0523
VA	\$ 0.0196	\$ 0.0753	384%	\$ 0.0557
MO	\$ 0.0240	\$ 0.0923	385%	\$ 0.0683
MS	\$ 0.0242	\$ 0.1005	415%	\$ 0.0763
AK	\$ 0.0252	\$ 0.1070	425%	\$ 0.0818
WA	\$ 0.0233	\$ 0.0996	427%	\$ 0.0763
FL	\$ 0.0111	\$ 0.0533	480%	\$ 0.0422
OR	\$ 0.0215	\$ 0.1127	524%	\$ 0.0912
AR	\$ 0.0231	\$ 0.1244	539%	\$ 0.1013

A similar analysis was undertaken with the local switching and tandem switching intrastate and interstate minute of use rates reported by AT&T to the Commission on February 24, 2010.<sup>56</sup> Again, the intrastate and interstate rates reported by AT&T were compared, and the percentage provided for each state refers to the intrastate rate as compared to the interstate rate (again, a differential of 200% means the intrastate rate is two times higher than the interstate rate).<sup>57</sup> A summary of the results of Facilities-Based CLEC's analysis of the AT&T data is provided below as Table 2.

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<sup>56</sup> See, Letter from Brian Benison, Director, Federal Regulatory, AT&T Services Inc., to Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92, WC Docket No. 05-337 and GN Docket No. 09-51, at Attachment (filed Feb. 24, 2010).

<sup>57</sup> The local switching and tandem switching rates were combined to create a single rate for each state for a comparison of the combined total rate. Because AT&T only included its switching rates, the discrepancy between AT&T's total rate per minute of use could vary when all rate elements are included. Because California's rate structure includes a call set-up charge (\$0.008663 per call) and per minute rate (\$0.001901), the state rate was calculated by assuming an average call duration of three minutes and distributing the call set-up charge across such minutes accordingly.

**TABLE 2 - 2010 AT&T Tariffed Rate Analysis**  
**Local Switching and Tandem Switching Rates**

State	Total Switching FCC	Total Switching State	Difference %	Difference \$
CA	\$0.003662	\$0.005783	158%	\$ 0.002121
NV	\$0.002404	\$0.002406	100%	\$ 0.000002
IL	\$0.004271	\$0.004153	97%	\$(0.000118)
IN	\$0.004271	\$0.004271	100%	\$ -
OH	\$0.004271	\$0.004271	100%	\$ -
MI	\$0.004271	\$0.004271	100%	\$ -
WI	\$0.004271	\$0.004271	100%	\$ -
AR	\$0.002891	\$0.008709	301%	\$ 0.005818
KS	\$0.002891	\$0.005804	201%	\$ 0.002913
MO	\$0.002891	\$0.008222	284%	\$ 0.005331
OK	\$0.002891	\$0.006816	236%	\$ 0.003925
TX	\$0.002891	\$0.002891	100%	\$ -
AL	\$0.003376	\$0.005763	171%	\$ 0.002387
FL	\$0.003376	\$0.008631	256%	\$ 0.005255
GA	\$0.003376	\$0.003313	98%	\$(0.000063)
KY	\$0.003376	\$0.003356	99%	\$(0.000020)
LA	\$0.003376	\$0.006870	203%	\$ 0.003494
MS	\$0.003376	\$0.003315	98%	\$(0.000061)
NC	\$0.003376	\$0.003593	106%	\$ 0.000217
SC	\$0.003376	\$0.007719	229%	\$ 0.004343
TN	\$0.003376	\$0.003305	98%	\$(0.000071)
CT	\$0.003767	\$0.008708	231%	\$ 0.004941

The analysis of the NECA rates demonstrates that the rate differential varies from intrastate rates being lower than interstate rates to greater than 500% of interstate rates (*i.e.*, five times higher). Further, the intrastate rate was equal to or less than the interstate rate in only *six out of the forty-one* states reported by NECA. The AT&T comparison, on the other hand, shows that the difference is less than 300% in all but one state, and in *half* of the reported states the intrastate total switching rate is equal to or less than the interstate total switching rate.<sup>58</sup> While

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<sup>58</sup> Because AT&T only included its switching rates, the discrepancy between AT&T's total rate per minute of use could vary when all rate elements are included.

the analysis was undertaken with publicly filed data in 2010, the FCC should be able to get more granular and current data on a carrier-by-carrier basis through the data it has requested in paragraph 572 of the NPRM.

**5. The Commission Should Adopt a Safe Harbor Providing LECs with the Option of Charging a Unified Tariffed Rate for All Traffic**

For the reasons set forth above, a measured transition is absolutely critical for the vast majority of LECs. However, depending on their business plans, the terms of their customer contracts, and projections provided to the financial markets and lenders, some LECs may determine that they can forego an extended transition period to a unified terminating rate, provided they have near certainty that they will be able to bill and collect a unified rate and avoid the disputes and litigation that currently plague the existing intercarrier compensation regime. To accommodate the business models of such LECs, the Facilities-Based CLECs urge the Commission to establish an optional safe harbor that permits LECs to elect to bill a unified rate on *all traffic* at a unified TELRIC-based rate that would vary by carrier and be deemed lawful by the Commission. This unified rate would be tariffed and would apply regardless of whether the traffic is jurisdictionally interstate access, intrastate access, CMRS, interconnected VoIP, reciprocal compensation, or any other type of traffic. Assuming the Commission adopts the recommended requirement that all carriers pass along the Carrier Identification Code or Operating Company Number, a safe harbor would mostly resolve the phantom traffic problem in that the Commission would deem the unified rate lawful and determine that it can be applied to all minutes of use, including any phantom traffic, without the need to establish the jurisdiction of the traffic or any requirement to negotiate a traffic exchange agreement with each carrier. Thus, a LEC that elects to participate in the safe harbor may benefit by avoiding the costs of determining

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the jurisdiction of its traffic, dispute resolution costs, and the costs of negotiating additional traffic exchange agreements, while recouping some revenues that are now lost due to phantom traffic and other otherwise unbillable traffic.

Current Commission rules require TELRIC rates to be determined by using the most forward-looking, cost efficient technology.<sup>59</sup> In order to encourage the transition to IP interconnection, Facilities-based CLECs propose the following modification to the TELRIC standard as applied to LECs electing the safe harbor unified rate. A LEC's unified rate should be a TELRIC rate, but would be dependent on whether or not the RBOC in the state offers IP interconnection for all voice traffic under sections 251/252. That is, even if a forward looking cost should be based on an IP network configuration, if there is not a state commission approved 251/252 IP-to-IP interconnection agreement in the state (or a state-approved RBOC template agreement), then a competitive LEC's TELRIC model needs to reflect that reality. Simply stated, it would be unreasonable to require a CLEC to base its unified rate on a most efficient, forward looking cost basis when the ILEC's unwillingness to interconnect in IP on a forward looking cost basis prevents the CLEC from realizing those efficiencies. Indeed, until the terms and costs of IP interconnection are established and approved by a state commission, it would be nearly impossible to know those when devising the unified rate that should reflect those costs. In the case of an RBOC electing the safe harbor, the RBOC would only be eligible for this TELRIC rule modification if it has made available a section 251/252 IP interconnection agreement to all requesting carriers. Any RBOC that refused to offer IP interconnection under sections 251 and 252 would nevertheless be required to base its intercarrier compensation rates on an IP network configuration.

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<sup>59</sup> 47 C.F.R. §§ 51.505-51.509, 51.705, 51.709.

To establish the proposed safe harbor, the Commission would need to waive application of several of its rules and orders as applied to a LEC that makes this election. For instance, the Commission would need to waive the requirement that reciprocal compensation rates be symmetrical;<sup>60</sup> waive the mirroring rule, the rate cap of \$0.0007, the rebuttable presumption that traffic that exceeds a 3:1 ratio of terminating to originating traffic is ISP-bound traffic and other aspects of the *ISP Remand Order*;<sup>61</sup> waive the CLEC benchmark rules to ensure that a incumbent's election is not imposed on other carriers; and waive the prohibition on tariffing non-access CMRS traffic found in the Commission's *T-Mobile Order*, and other provisions of existing law.<sup>62</sup>

**B. At the End of Each Carrier-by-Carrier, State-by-State Transition Period, the Commission Should Bring All Terminating Traffic Within the Section 251(b)(5) Framework (NPRM Section XI)**

Upon completion of each measured transition period outlined above, the Commission should move all forms of traffic (*e.g.*, interstate access, intrastate access, CMRS, and interconnected VoIP) within the section 251(b)(5) framework. The Commission should establish the methodology for determining and constraining the terminating rate; however, the state

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<sup>60</sup> 47 C.F.R. § 51.711 (“Rates for transport and termination of telecommunications traffic shall be symmetrical, except as provided in paragraphs (b) and (c) of this section. (1) For purposes of this subpart, symmetrical rates are rates that a carrier other than an incumbent LEC assesses upon an incumbent LEC for transport and termination of telecommunications traffic equal to those that the incumbent LEC assesses upon the other carrier for the same services. (2) In cases where both parties are incumbent LECs, or neither party is an incumbent LEC, a state commission shall establish the symmetrical rates for transport and termination based on the larger carrier's forward-looking costs.”).

<sup>61</sup> *ISP Remand Order*, at ¶¶ 8, 85-86. 89.

<sup>62</sup> *Developing a Unified Inter-carrier Compensation Regime; T-Mobile et al. Petition for Declaratory Ruling Regarding Incumbent LEC Wireless Termination Tariffs*, CC Docket No. 01-92, Declaratory Ruling and Report and Order, 20 FCC Rcd 4855, 4863, ¶ 14 (2005) (“T-Mobile Order”), petitions for review pending, *Ronan Tel. Co. et al. v. FCC*, No. 05-71995 (9th Cir. filed Apr. 8, 2005); 47 C.F.R. § 20.11 (“Local exchange carriers may not impose compensation obligations for traffic not subject to access charges upon commercial mobile radio service providers pursuant to tariffs.”).

commissions should set the specific rate given the section 252 constraints on Commission rate setting.<sup>63</sup>

The Commission's methodology for setting the unitary rate should impose certain constraints on the states and state commissions in that rate-setting processes. Most importantly, the Commission should preempt the establishment of a non-cost-based rate of zero (*i.e.*, bill-and-keep) which would violate the section 252(d)(2) pricing standards,<sup>64</sup> and prohibit the imposition of a VoIP specific rate which would only serve to perpetuate arbitrage, is discriminatory and not technology neutral. A VoIP specific rate or mandatory bill-and-keep would be discriminatory in that it would treat a subset of traffic differently merely because it was originated on a different, (and ironically more advanced) platform than other traffic, even though that traffic utilizes the same functions for termination as other forms of traffic.<sup>65</sup>

**1. The Commission Has the Requisite Authority to Bring VoIP Traffic Under Section 251(b)(5) Without Classifying VoIP as Either a Telecommunications Service or an Information Service**

The Commission can and should bring access and VoIP traffic within the section 251(b)(5) framework at the completion of each measured transition period to equalized access

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<sup>63</sup> *Iowa Utilities Bd. v. FCC*, 120 F.3d 753, 796 (8th Cir. 1997), *rev'd in part and remanded on other grounds*, *AT&T v. Iowa Utilities Bd.*, 525 U.S. 366 (1999) ("we believe that the 1996 Act, when coupled with section 2(b), mandates that the states have the exclusive authority to establish prices regarding the local competition provisions of the Act."); Comments of the Public Utilities Commission of Ohio, at 5, n.11, 8-9 ("actual setting of the rates should be left to the states as mandated by the Act").

<sup>64</sup> *See, e.g.*, 47 U.S.C. § 252(d)(2)(A)(i)-(ii); 47 C.F.R. § 51.713(b) ("A state commission may impose bill-and-keep arrangements if the state commission determines that the amount of telecommunications traffic from one network to the other is roughly balanced with the amount of telecommunications traffic flowing in the opposite direction, and is expected to remain so, and no showing has been made pursuant to § 51.711(b)."); Comments of EarthLink, at 9-12 (imposing the bill-and-keep methodology on all carriers would be inconsistent with the section 252(d)(2) pricing standard that permits the terminating provider to recover the "costs associated with the transport and termination" of telecommunications.").

<sup>65</sup> Establishing a lower VoIP specific rate when a CLEC cannot obtain cost-based IP to IP interconnection with an ILEC is particularly unfair since it is the refusal of ILECs to make such interconnection available on a reciprocal, cost-basis that forces CLECs to interconnect and exchange traffic on a more costly basis.

rates without determining whether VoIP services are telecommunications services or information services.<sup>66</sup> There is widespread agreement among many carriers that classifying interconnected VoIP as a telecommunications or information service is neither necessary, nor productive in light of section 251(b)(5)'s broad coverage of the myriad forms of "telecommunications."<sup>67</sup>

Section 251(b)(5) imposes on *all LECs* the "duty to establish reciprocal compensation arrangements for the transport and termination of *telecommunications*."<sup>68</sup> The FCC has found that "interconnected VoIP providers are 'providers of interstate telecommunications.'"<sup>69</sup> It has also found that the reference to "telecommunications" in section 251(b)(5) is not limited in geographic scope (*e.g.*, local, intrastate, or interstate) and is not confined to particular services (*e.g.*, "telephone exchange service,"<sup>70</sup> "telephone toll service,"<sup>71</sup> or "exchange access"<sup>72</sup>).<sup>73</sup> In the *2008 Order*, the Commission observed "that had Congress intended to preclude the Commission from bringing certain types of telecommunications traffic within the section 251(b)(5) framework, it could have easily done so by incorporating restrictive terms in section 251(b)(5),"

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<sup>66</sup> Some carriers have suggested the Commission should determine that interconnected VoIP is an information service. *See, e.g.*, Comments of Sprint Nextel, at 3.

<sup>67</sup> *See, e.g.*, Comments of Consolidated Communications, at 5, 9 ("it is not necessary to classify interconnected VoIP as a telecommunications or information service in order to reach the desired result"); Comments of XO Communications, at 12-13 ("The Commission need not and should not go further in classifying VoIP in this proceeding than is necessary to adopt an appropriate compensation framework."); Comments of EarthLink, at 6-8; Comments of Facilities-Based CLECs, at 34-36.

<sup>68</sup> 47 U.S.C. § 251(b)(5) (emphasis added).

<sup>69</sup> *Universal Service Contribution Methodology*, Report and Order and Notice of Proposed Rulemaking, 21 FCC Rcd 7518, ¶ 35 (2006) ("*Contribution Methodology Order*").

<sup>70</sup> 47 U.S.C. § 153(47).

<sup>71</sup> 47 U.S.C. § 153(48).

<sup>72</sup> 47 U.S.C. § 153(16).

<sup>73</sup> *See Developing a Unified Intercarrier Compensation Regime*, CC Docket Nos. 01-92, 99-68, 96-98, *et al.*, Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, FCC 08-262, 24 FCC Rcd 6475, 6480, ¶ 8 (Nov. 8, 2008) ("*2008 Order*"); NPRM, at ¶ 513.



however, Congress did not.<sup>74</sup> On appeal, the D.C. Circuit left intact the Commission's holdings concerning the broad scope of section 251(b)(5).<sup>75</sup> Thus, there is no need for the Commission to find that interconnected VoIP is a telecommunications service in this proceeding because it is clearly "telecommunications" that falls within section 251(b)(5).<sup>76</sup>

## **2. The Commission has Authority to Bring Intrastate Access Within the Section 251(b)(5) Framework as Well as VoIP and Interstate Access Traffic**

With the enactment of the 1996 Act and in particular section 251(b)(5), Congress extended the Commission's jurisdiction to intrastate traffic as well interstate traffic for the purposes of implementing provisions of the Act. Section 201(b) of the Act authorizes the Commission to "prescribe such rules and regulations as may be necessary in the public interest to carry out the provisions of this Act."<sup>77</sup> According to the Supreme Court, this "grant in § 201(b) means what it says: The Commission has rulemaking authority to carry out the 'provisions of this Act.'"<sup>78</sup> Thus, when Congress added section 251(b)(5) and section 251(d)(2) to the Act in 1996, it extended the Commission's rulemaking authority to intrastate matters for the purpose of implementing these provisions and, among other matters, establishing new rules to replace the

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<sup>74</sup> 2008 Order, at ¶ 8.

<sup>75</sup> *WorldCom, Inc. v. FCC*, 288 F.3d 429, 429 (D.C. Cir. 2002).

<sup>76</sup> The Commission has not yet addressed the statutory classification of interconnected VoIP. *See* NPRM, at ¶ 618, n. 935. Rather, the Commission has only addressed the statutory classification of two forms of VoIP, neither of which are interconnected VoIP. For one, the Commission classified as an "information service" *Pulver.com's* free service that did not provide transmission and offers a number of computing capabilities. *See Petition for Declaratory Ruling that Pulver.com's Free World Dialup is Neither Telecommunications nor a Telecommunications Service*, WC Docket No. 03-45, Memorandum Order and Opinion, 19 FCC Rcd 3307 (2004). The Commission also has determined that certain "IP-in-the-middle" services are "telecommunications services. *See Petition for Declaratory Ruling that AT&T's Phone-to-Phone IP Telephony Services are Exempt from Access Charges*, WC Docket No. 02-361, Order, 19 FCC Rcd 7457 (2004); *Regulation of Prepaid Calling Card Services*, WC Docket No. 05-68, Declaratory Ruling and Report and Order, 21 FCC Rcd 7290, 7297, ¶ 18 (2006).

<sup>77</sup> 47 U.S.C. § 201(b).

<sup>78</sup> *AT&T v. Iowa Utilities Bd.*, 525 U.S. 366, 378 (1999).

interstate and intrastate access charge regimes that were temporarily preserved by the savings clause in section 251(g). Accordingly, the Commission's rulemaking authority under section 251(b)(5) and 252(d)(2) is not confined by section 2(b) to interstate matters; rather it extends to intrastate traffic as well.<sup>79</sup>

As discussed above, the Commission has the authority to develop a pricing methodology for all section 251(b)(5) "telecommunications," while permitting the states to implement the Commission's mandatory methodology to set the actual rates.<sup>80</sup> Moreover, the Commission has determined that section 251(b)(5) is not limited to traffic exchanged between LECs; rather, it applies to *all traffic* exchanged between a LEC and another carrier.<sup>81</sup> Accordingly, section 251(b)(5) includes "telecommunications" exchanged with a LEC, regardless of which party (a LEC, IXC, CMRS provider or VoIP provider) exchanges that traffic with the LEC. Consistent with these Commission findings, the Commission has broad authority to apply the duty to

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<sup>79</sup> *AT&T v. Iowa Utilities Bd.*, at 378 n.6 ("[T]he question in these cases is not whether the Federal Government has taken the regulation of local telecommunications competition away from the States. With regard to the matters addressed by the 1996 Act, it unquestionably has.").

<sup>80</sup> Section 252(d)(2) imposes constraints on the terminating rates established by the states. It provides: "For the purposes of compliance by an incumbent local exchange carrier with section 251(b)(5) of this title, a State commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless-- (i) such terms and conditions provide for the *mutual and reciprocal recovery* by each carrier of costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other carrier; and (ii) such terms and conditions determine such costs *on the basis of a reasonable approximation of the additional costs* of terminating such calls." 47 U.S.C. § 252(d)(2) (emphasis added).

<sup>81</sup> 2008 Order, 24 FCC Rcd at 6480-81, ¶ 10; *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers*, CC Docket Nos. 96-98, 95-185, First Report and Order, 11 FCC Rcd 15499, 15996-97, 16013-16016 ¶¶ 1007-1008, 1034-1041 (1996) (subsequent history omitted) ("*Local Competition First Report and Order*") ("All CMRS providers *offer telecommunications*. Accordingly, LECs are obligated, pursuant to section 251(b)(5) (*and the corresponding pricing standards of section 252(d)(2)*), to enter into reciprocal compensation arrangements with all CMRS providers, including paging providers.") (emphasis added); *ISP Remand Order*, at ¶ 89, n.177 ("Section 251(b)(5) applies to telecommunications traffic between a LEC and a telecommunications carrier . . .").

provide reciprocal compensation under section 251(b)(5) to *all* telecommunications traffic exchanged with LECs, including interconnected VoIP traffic and intrastate access traffic.

### **3. Authority to Establish and Enforce a Glide Path for Both Interstate and Intrastate Rate Reductions**

The Facilities-Based CLECs support the Commission’s suggestion that it should use a carrot and stick approach to “encourage states to reduce intrastate intercarrier compensation rates.”<sup>82</sup> We agree with the Commission’s suggestion that it could “set a glide path as a ‘floor’ for reform and enable states that have already begun reform to adopt alternative approaches” that are consistent with providing a measured glide path to reduced rates, meet the section 251(d)(2) pricing standards, are consistent with the overarching parameters of the Commission’s methodology, and reach the desired rate reductions within the staged transition period outlined above.<sup>83</sup>

The Commission should consider using the staged transition as the time frames in which states must act to reduce existing intrastate access rates or be subject to consequences such as a reduction in federal USF funding to carriers within their state.<sup>84</sup> As the Commission suggests in the NPRM, it could “phase out federal high cost funding in states that have not implemented reform”<sup>85</sup> of intrastate rates within the time line established by the Commission or take action to cut such rates.

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<sup>82</sup> NPRM, at ¶ 544.

<sup>83</sup> NPRM, at ¶ 548.

<sup>84</sup> NPRM, at ¶¶ 548-549, n. 824; *See*, Legislative Hearing on a Discussion Draft of the “Universal Service Reform Act of 2009” Before the Subcommittee On Communications, Technology, and the Internet of the H. Comm. on Energy and Commerce, 111th Cong. 12-13 (2009) (statement of Ray Baum, Commissioner, Oregon Public Utility Commission on behalf of the National Association of Regulatory Utility Commissioners) (suggesting that the Commission encourage states to reform intrastate access charges by “condition[ing] receipt of federal high-cost support on the State reducing in stages intrastate access charges to mirror Federal rates”).

<sup>85</sup> NPRM, at ¶ 549.

In the CLECs experience, many states have taken action to reduce intrastate access rates already, and many others are considering taking such action. For example, Michigan provided a five-year stepped process for CLECs.<sup>86</sup> Likewise, Georgia provided a ten year process for CLECs.<sup>87</sup> In the interest of federal/state comity, the FCC might consider interpreting section 251(g) to permit federal action to order reductions in state access rates consistent with a federal transition period, but permit the states some time to act on their own, subject to reevaluation at a later date if a certain state fails to act.

#### **IV. IN DESIGNING ANY ACCESS REVENUE RECOVERY MECHANISM, THE COMMISSION SHOULD BALANCE THE COMPETING GOALS OF BROADBAND DEPLOYMENT AND COMPETITION (NPRM SECTIONS XII AND XIV)<sup>88</sup>**

The 1996 Act directs the Commission to promote not only the deployment of broadband, but also broadband competition.<sup>89</sup> The Commission must keep these sometimes competing principles in mind while developing any revenue recovery mechanism. Explicit subsidies for broadband should be carefully crafted so that they do not skew competition in broadband and other service/application markets.

Facilities-based CLECs expect that their customers and investors will be required to fund not only their reductions in intercarrier compensation rates, but also some portion of the

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<sup>86</sup> See Mich. Compiled Laws, chap. 484.2310, § 310(2), as amended Dec. 2009.

<sup>87</sup> See Ga. H.B. 168 (June 2010).

<sup>88</sup> TDS Metrocom, LLC does not join in this section of the Comments.

<sup>89</sup> See Telecommunications Act of 1996, P.L. No. 104-104, 110 Stat. 56, at Preamble (1996) (“An Act to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.”). “The FCC must see to it that *both* universal service and local competition are realized; one cannot be sacrificed in favor of the other” and all market participants must be treated equally. *Alenco Communications, Inc. v. FCC*, 201 F. 3d 608, 615-616 (5<sup>th</sup> Cir. 2000) (emphasis in the original).

incumbent LECs' reduction in rates. Given that assumption, the CLECs provide the following recommendations concerning the key features of any revenue recovery mechanism.

First, as discussed above, the transition to uniform rates by carrier by state should be measured and predictable. This will have the added benefit of minimizing the amount the CLECs' end users and investors must pay in explicit USF support as incumbent LECs transition to cost-based rates.

Second, Facilities-based CLECs urge the FCC to consider the practical impact a recovery mechanism could have on competition in retail markets. Some parties have proposed that explicit support not be made available in areas where there exists more than one provider of broadband services,<sup>90</sup> while others have argued that the lower cost areas of an incumbent's service territory should be averaged with the higher cost portions to reduce the amount of revenue replacement funding needed from explicit USF.<sup>91</sup> As the FCC balances these competing concerns, it should consider the impact a revenue recovery mechanism could have in retail broadband markets where the support is available to incumbents but not competitive providers.

Third, the recovery mechanism should include a benchmark as suggested by the FCC and numerous commenters.<sup>92</sup> The Act requires that rural and urban rates be comparable. Record data shows that many rural rates are well below urban and therefore are not comparable.<sup>93</sup> The FCC should require incumbent LECs to increase rural end user rates to the urban benchmark and

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<sup>90</sup> See, e.g., Comments of the National Cable & Telecommunications Association, WC Docket No. 05-337, CC Docket No. 96-45, at 13 (filed May 8, 2009) ("The availability of competitive services from an unsubsidized provider is strong evidence that subsidies are not needed to ensure that rates are affordable in the relevant area.").

<sup>91</sup> See, e.g., Comments of Mid-Rivers Telephone Cooperative, Inc., WC Docket No. 05-337, at 12-13 (filed May 30, 2007) .

<sup>92</sup> See NPRM, at ¶ 573-578.

<sup>93</sup> See Letter from Maggie McCready, Vice President, Federal Regulatory, Verizon, to Marlene H. Dortch, Secretary, FCC and Lynne Hewitt Engledow, Wireline Competition Bureau, CC Docket No. 01-92 *et al.*, at Exhibit 2, Attachment A (filed Mar. 14, 2011).

should not permit recovery of the difference between current rates and that benchmark in the form of explicit USF support.

Fourth, the recovery mechanism should assume access minutes of use (“MOU”) erode during the transition to lower rates. The CLECs analyzed the most recent publicly reported NECA data to determine the comparative loss of MOUs over the past several years for each NECA Tier, on a carrier-by-carrier basis. Specifically, the analysis was undertaken using the 2010 Network Usage by Carrier submission from NECA, reporting access minutes of use between 2006 and 2010.<sup>94</sup> The results of this analysis are attached hereto as Exhibit A.

For each NECA Tier (*i.e.*, NECA Tiers 1, 2, C, and A), the reported access MOUs for each carrier in 2006 was compared against the reported access MOUs for each carrier in 2010. The difference was calculated between those two dates, and then compared against the 2006 MOU data to determine the percentage loss of MOUs from 2006 to 2010. Thus, a loss of 50% means that carrier lost half of its reported access MOUs between 2006 and 2010. This analysis was undertaken for each NECA Tier for every carrier that was in each Tier between 2006 and 2010.<sup>95</sup>

For Tier 1, there were 106 carriers in the analysis.<sup>96</sup> Only one (Hawaiian Telecom, Inc.) reported an increase in MOUs (27.3%). All 105 remaining carriers reported losses of MOUs, the

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<sup>94</sup> See Letter from Patricia A. Chirico, Executive Director, Tariffs, Rates, Costs & Average Schedules, to Marlene H. Dortch, Secretary, FCC, “MOU Data/Summary of NECA Total Pool Results” (filed March 21, 2011) (providing a number of attachments with NECA MOU data between 2006-2010). The 2006-2010 NECA data (without the filing letter) is available on the FCC’s website: <http://www.fcc.gov/wcb/iatd/neca.html>, at [http://www.fcc.gov/Bureaus/Common\\_Carrier/Reports/FCC-State\\_Link/Monitor/netwu10.zip](http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/Monitor/netwu10.zip).

<sup>95</sup> Carriers that entered into a Tier after 2006, or left a Tier before 2010, were removed from each respective analysis.

<sup>96</sup> Only two carriers, Verizon SO NC and Frontier SW-CA, were removed from the Tier 1 analysis as neither of those entities reported 2006 MOUs.

largest loss being 68.9%. The average loss of MOUs in Tier 2 between 2006 and 2010 was 33.6%, and the total loss of all MOUs in the Tier was 34.2%.

For Tier C, there were 85 carriers in the analysis.<sup>97</sup> No carrier reported an increase in MOUs between 2006 and 2010. The range of losses was between 3.8% and 61.3%. The average loss of MOUs in Tier 2 between 2006 and 2010 was 37.2%, and the total loss of all MOUs in the Tier was 36.8%.

For Tier C, there were 749 carriers in the analysis.<sup>98</sup> Twenty-three carriers reported an increase in MOUs (the highest being over 27,000% by Allband Communications Cooperative).<sup>99</sup> All 726 remaining carriers reported losses of MOUs, the largest loss being 99.6%. The total loss of all MOUs in the Tier was 40.3%.

For Tier A, there were 397 carriers in the analysis.<sup>100</sup> Only twenty-two reported an increase in MOUs (the highest being 528% increase by Ironton Telephone Co.). All 375 remaining carriers reported losses of MOUs, the largest loss being 99.8%. The average loss of MOUs in Tier A between 2006 and 2010 was 33.7%, and the total loss of all MOUs in the Tier was 37.8%.

For all Tiers combined, reporting NECA carriers lost over 139 billion MOUs between 2006 and 2010, which corresponds to a 36.7% decrease during that time period. These historical MOU losses should be built into any revenue recovery mechanism as projected MOU losses to

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<sup>97</sup> 106 carriers were removed from the Tier 2 analysis--a majority of these carriers moved between Tier C and Tier 2 between 2006 and 2010.

<sup>98</sup> 98 carriers were removed from the Tier C analysis--a majority of these carriers moved between Tier C and Tier 2 between 2006 and 2010.

<sup>99</sup> Given this anomaly, the average change in MOUs in this tier is statistically flawed. The median loss of MOUs in this Tier between 2006 and 2010, however, was 37.3%.

<sup>100</sup> There were no carriers removed from the Tier A analysis because all carriers reported in that Tier by NECA were in that Tier between 2006 and 2010.

ensure that implicit support is not frozen in time and perpetuated in explicit revenue replacement. As many incumbents have recognized, they should not expect a revenue recovery mechanism to make them whole for all lost intercarrier compensation revenues.<sup>101</sup> Assuming that the historical decline in MOU continues is one means to avoid any such make-whole recovery mechanism.

Finally, the FCC should also put an explicit time limit on revenue recovery support. Although the CALLS and MAG plans envisioned that the interstate access support would be transitional, it has lasted well beyond the FCC's original assumed end.<sup>102</sup> The FCC should not repeat that mistake here. Instead it should place a time limit on replacement support.

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<sup>101</sup> See, e.g., Frontier ICC/USF Workshop Statement, at 1, available at: <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021237337>.

<sup>102</sup> See Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, CC Docket Nos. 96-262 and 94-1, Sixth Report and Order, Low-Volume Long-Distance Users, CC Docket No. 99-249, Report and Order, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Eleventh Report and Order, 15 FCC Rcd 12962, ¶ 166 (2000) ("Furthermore, after the five-year term we can re-examine the issue to determine whether competition has emerged to constrain rates effectively."); Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Federal-State Joint Board on Universal Service, Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation, Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers, CC Docket Nos. 96-45, 98-77, 98-166, 00-256, Second Report and Order and Further Notice of Proposed Rulemaking Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166, 16 FCC Rcd 19613, ¶ 13 (2001) ("Our actions today are not designed as a permanent solution. As we move forward, we will continue to refine our policies to achieve the goals of the 1996 Act. In particular, as the terms of the CALLS plan and the Rural Task Force plan near their respective ends, we anticipate that the Commission will review whether the measures we adopt here continue to be consistent with our competitive goals for the local exchange and exchange access services markets, as well as with our long-term universal service plans.").



**V. THE COMMISSION SHOULD PRECLUDE LARGE CARRIERS FROM ABUSING THEIR MARKET POWER TO UNILATERALLY ACCELERATE ANY GLIDE PATH TO THE FINAL UNITARY RATE BY WITHHOLDING PAYMENT OR ARBITRARILY RE-RATING TRAFFIC (NPRM SECTIONS XII-XIII)**

As Cox Communications, Inc.,<sup>103</sup> Cbeyond, Charter Communications, the National Telecommunications Cooperative Association, the National Exchange Carrier Association, Inc., the Organization of the Promotion and Advancement of Small Telecommunications Companies, Windstream, Integra, tw Telecom, Bright House Networks, Core Communications, PAETEC, and a host of others have reported in comments on Section XV and *ex parte* comments, large carriers, such as Verizon and Sprint, have engaged in arbitrage and exploited their market power by refusing to pay compensation for the termination of VoIP traffic at rates set forth in lawful tariffs and/or agreements.<sup>104</sup>

For example, Cbeyond states that it: “has been forced to engage in costly litigation against Verizon for its failure to pay the tariffed access charges for Verizon long distance calls that originate or terminate on Cbeyond’s IP network.”<sup>105</sup> Rather than paying Cbeyond’s tariffed rates, it reports that “Verizon has chosen to play the role of regulator and unilaterally ‘re-rated’ Cbeyond’s access service down to \$0.0007 per minute for interstate and intrastate calls.”<sup>106</sup>

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<sup>103</sup> Comments of Cox Communications, at 3 (“Most recently, in the middle of 2010, Verizon Communications and its long distance affiliates asserted that they were not required to pay access or local termination charges to Cox as to any traffic that was originated or terminated via voice over IP protocols and unilaterally reduced the rate they were paying for access services to \$0.0007 per minute for all traffic, whether or not that traffic was transmitted to or from Cox’s TDM customers.”).

<sup>104</sup> See, e.g., Comments of Cbeyond, *et al.*, at 5-6; Comments of PAETEC, TelePacific, and RCN, at 6-7; Ex Parte of PAETEC Holding, Corp., NTCA, *et al.*, WC Docket Nos. 07-135, 05-337, 04-36, CC Dockets No. 01-92, 99-68, at 1 (filed Feb. 1, 2011); Ex Parte of Cox Enterprises, Inc., Bright House Networks, Cablevision Systems Corporation, and Charter Communications, Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92, at 1 (filed Feb. 1, 2011) (“Cox Ex Parte”); Comments of NECA *et al.*, at 6-7.

<sup>105</sup> Comments of Cbeyond, *et al.*, at 5-6.

<sup>106</sup> Comments of Cbeyond, *et al.*, at 5.

Verizon's unilateral self-help has predictably already lead to litigation with Cbeyond and will likely lead to much more.<sup>107</sup>

Likewise, Cox Enterprises, Inc., Cablevision Systems Corporation, and Charter Communications maintain that Verizon "in most cases, *indiscriminately stopped paying access charges on all traffic exchanged with them*, even where the traffic is not carried in IP at any point."<sup>108</sup> Bright House reports that: "Verizon's telecommunications companies (both its ILECs and its IXCs) have taken the position that they *will not pay any* access charges on PSTN traffic that either begins or ends with a VoIP subscriber (that is, where the customer of the LEC at either end of the call is an interconnected VoIP provider)."<sup>109</sup> According to Bright House, the "result of Verizon's new position is that it has ceased to pay access charges on *any calls* from, or to, Bright House," albeit it professes to be willing to pay a rate of \$0.0007.<sup>110</sup> Many carriers have commented that they are unable to distinguish VoIP traffic from other forms of traffic, such that one must question how Verizon appears to be uniquely capable of determining which minutes of use to dispute.<sup>111</sup>

Moreover, as Bright House underscores, Verizon's unlawful conduct has a substantial anti-competitive effect:

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<sup>107</sup> See, e.g., Comments of Cbeyond, *et al.*, at 5, n. 9-10, Attachment A, Complaint in *Cbeyond Communications, LLC v. MCI Communications Services, Inc. d/b/a Verizon Business*, No. 1:11-cv-0693, at ¶¶ 5, 46 (N.D. Ga.) (filed Mar. 4, 2011) (To date Verizon's underpayments to Cbeyond exceed \$900,000 and continue to increase); see also, Answer to Complaint, *Cbeyond Communications, LLC v. MCI Communications Services, Inc. d/b/a Verizon Business*, No. 1:11-cv-0693-TCB, ¶ 45 (N.D. Ga.) (filed Mar. 28, 2011) ("Verizon Business admits that, since August 2010, it has refused to pay tariffed switched access charges for traffic that it exchanges with Cbeyond that originates and/or terminates in IP format, on the ground that access charges do not apply to that traffic.").

<sup>108</sup> *Cox Ex Parte*, at 1 (emphasis added).

<sup>109</sup> Comments of Bright House Networks, at 7 (emphasis added).

<sup>110</sup> Comments of Bright House Networks, at 7.

<sup>111</sup> See, e.g., Comments of Frontier Communications, at 6-7.

Verizon's newly discovered approach to interconnected VoIP – that PSTN traffic is immune from any and all access charges simply because one of the end points of the call is a VoIP subscriber – is [an] (sic) enormous and unfair financial and competitive advantage to Verizon. Verizon cannot be unaware, for example, that a principal effect of its self-declared access charge amnesty is that *it no longer makes previously substantial access charge payments to its main landline competitors* – carriers affiliated with cable operators.<sup>112</sup>

Predictably, Verizon's unilateral, unreasonable practices have lead to costly litigation with Bright House as well.<sup>113</sup>

Sprint has engaged in similar access arbitrage and unlawful self-help according to recent federal district court holdings and the comments of multiple carriers filed in this proceeding.<sup>114</sup> For example, the U.S. District Court for the Eastern District of Virginia recently held that Sprint must pay access charges to LECs that were withheld in breach of Sprint's interconnection agreements ("ICAs"), and concluded that:

Sprint's justifications for refusing to pay access on VoIP-originated traffic, and *its underlying interpretation of the ICAs, defy credulity*. The record is unmistakable: Sprint entered into contracts with Plaintiffs wherein it agreed to pay access charges on VoIP-originated traffic. Sprint's defense is *founded on post hoc rationalizations developed by its in-house counsel* and billing division as part of Sprint's cost cutting efforts, and the witnesses who testified in support of the defense were not at all credible.<sup>115</sup>

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<sup>112</sup> Comments of Bright House Networks, at 7 (emphasis added).

<sup>113</sup> Comments of Bright House Networks, at 7, n.12; *Bright House Networks Information Services (Florida) LLC, v. Verizon Florida, LLC and MCI Communications Services, Inc. d/b/a Verizon Business Services*, Docket No. 110056-TP (Florida PSC filed Feb. 22, 2011).

<sup>114</sup> See, e.g., Comments of Core Communications, at 6; *Sprint Communications Company L.P. v. Iowa Telecommunications Services, Inc.*, Docket No. FCU-2010-001, Order, at 36 (Iowa Utilities Board, rel. Feb. 4, 2011) (Sprint required to pay Windstream for more than one year of access charges withheld on VoIP traffic); Comments of Windstream, at 11.

<sup>115</sup> Memorandum Opinion, *Central Telephone of Virginia, et al. v. Sprint Communications Co. of Virginia, Inc. et al.*, U.S. District Court, Eastern District of Virginia, Richmond Division, Civil Action No. 3:09-cv-720, at 3 (March 2, 2011) (emphasis added).

In sum, a host of carriers, including both mid-sized ILECs and CLECs representing diverse business plans, have reported the same brazen abuse of market power and unilateral use of self-help by certain very large carriers, giving rise to “grave”<sup>116</sup> concerns about unlawful self-help. The record confirms that non-payment of access charges or any compensation for termination of VoIP traffic, with little or no credible justification, has become an endemic and pressing problem in the industry, and facilitates the efforts of large market players to “claw back” and recoup prior access payments made for alleged VoIP traffic by refusing to pay all other charges. This behavior is especially astounding given the widespread consensus that there is no industry standard or practical means of distinguishing VoIP traffic from other traffic.

**A. The Filed Rate Doctrine And Other Law Requires Payment of Tariffed Rates**

To address these inequities, a multitude of carriers have urged the Commission to address the burgeoning use of self-help by affirming that pursuant to the long standing filed rate doctrine and the Commission’s well established precedent prohibiting self help measures, carrier-customers must pay lawfully tariffed switched access rates and adhere to other terms established in tariffs and their agreements<sup>117</sup> while disputing the application of such charges to particular minutes of use.<sup>118</sup>

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<sup>116</sup> *Qwest Ex Parte*, at 1.

<sup>117</sup> Section 252 interconnection agreements are the functional equivalent of tariffs and are within the scope of the filed rate doctrine. *See, e.g., Firstcom, Inc. v. Qwest Corp.*, 555 F.3d 669, 679-81 (8th Cir. 2009).

<sup>118</sup> Comments of PAETEC, TelePacific, and RCN, at 16; *See, e.g., PAETEC Notice of Ex Parte Communications*, WC Dockets Nos. 07-135, 01-92, at 1-2 (March 26, 2010); *PAETEC Notice of Ex Parte Communications*, WC Dockets Nos. 07-135, 01-92, at 1-2 (September 24, 2010); *Joint Reply Comments of PAETEC Communications, Inc., Citynet, LLC, Granite Telecommunications, Inc. and U.S. TelePacific, Corp., High-Cost Universal Service Support, Federal State Board on Universal Service, Lifeline and Link Up, Universal Service Contribution Methodology, Numbering Resource Optimization, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Developing a Unified Intercarrier Compensation Regime, Intercarrier Compensation for ISP-Bound Traffic, IP-Enabled Services*, WC Dockets Nos. 05-337, 04-36, 03-109, 06-122, 04-36, 07-135, CC Dockets Nos.96-45, 99-200, 96-98, 01-92, 99-68, at 26-30 (Dec. 22, 2008).

The filed rate doctrine (sometimes called the filed tariff doctrine) “has been applied across a spectrum of regulated industries, and prohibits service providers from charging rates other than those set forth in a tariff filed with the regulatory agency.”<sup>119</sup> It “insulates from judicial challenge the rate filed by common carriers with the FCC and prohibits courts from awarding relief that would impose upon a carrier any rate other than that filed with the FCC.”<sup>120</sup> Courts have held that, under the filed rate doctrine, “tariffs validly filed in accordance with 47 U.S.C. § 203 operate to conclusively and exclusively control the rights and liabilities between the parties.”<sup>121</sup> In fact, the filed rate doctrine encompasses all the terms in a lawful tariff, not merely the tariffed rates.<sup>122</sup>

Thus, the filed rate doctrine “*precludes causes of action based on a claim that a party has a right to pay other than the tariffed rate,*”<sup>123</sup> contrary to the rationale suggested by some very large carriers that refuse to pay tariffed interstate access charges. Further, courts and state commissions are required to enforce the terms and rates in a lawful tariff because “filed tariffs are the law, and not mere contracts.”<sup>124</sup>

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<sup>119</sup> See, e.g., *American Tel. and Tel. Co. v. Central Office Telephone*, 524 U.S. 214, 222 (1998) (telecommunications industry); *MCI Telecommunications Corp. v. Graphnet, Inc.*, 881 F.Supp. 126, 132 (D. N.J. 1995) (telecommunications industry); *Arkansas Louisiana Gas Co. v. Hall*, 453 U.S. 571, 577 (1981) (natural gas industry); *Louisville & Nashville R.R. v. Maxwell*, 237 U.S. 94 (1915) (railroad industry).

<sup>120</sup> See, e.g., *Weinberg v. Sprint Corp.*, 165 F.R.D. 431, 438 (D. N.J. 1996).

<sup>121</sup> See, e.g., *MCI v. Graphnet, Inc.*, 881 F.Supp. 132; *AT&T v. Florida-Texas Freight, Inc.*, 357 F.Supp. 977, 979 (D.C.Fla.1973), *aff'd*, 485 F.2d 1390 (5th Cir.1973).

<sup>122</sup> *Evanns v. AT&T Corp.*, 229 F.3d at 840-41, n.7; *AT&T v. Central Office Tel.*, 524 U.S. at 223-24.

<sup>123</sup> See, e.g., *MCI v. Graphnet, Inc.*, 881 F.Supp. 132 (emphasis added).

<sup>124</sup> See, e.g., *MCI Telecommunications Corp. v. Garden State Investment Corp.*, 981 F.2d 385, 387 (8th Cir. 1992); *Bryan v. Bellsouth Communications, Inc.*, 377 F.3d 424, 429 (4th Cir. 2004); *Evanns v. AT&T Corp.*, 229 F.3d 837, 840 (9th Cir. 2000) (“the terms of the federal tariff are considered to be ‘the law’ and to therefore ‘conclusively and exclusively enumerate the rights and liabilities’ as between the carrier and customer.”).

The Commission has applied the principles of the filed rate doctrine and other law in numerous cases that preclude the type of self help (essentially arbitrage) that some large carriers have used to refuse to pay charges due on VoIP traffic. The FCC has long prohibited carriers from engaging in “self-help,” finding that “a customer, a competitor, is not entitled to the self-help measure of withholding payment for tariffed services duly performed but should first pay, under protest, the amount allegedly due and then seek redress if such amount was not proper under the carrier’s applicable tariffed charges and regulations.”<sup>125</sup> The pay first and dispute later policy is grounded in the filed rate doctrine. The Commission should affirm these principles to prohibit such self-help in the future, and, most importantly to ensure that its transition plan and glide path for decreasing rates have meaning and are not deliberately undermined by the market power often wielded by larger carriers.

**B. The Commission Must Prohibit Self Help To Ensure Its Transition Plan and Any Glide Path For Rates Is Not Undermined**

As demonstrated above, Verizon has already unilaterally and brazenly re-rated traffic and would have every incentive to do so in the future. Sprint has also withheld payments with little or no justification. In light of the anti-competitive effects of self-help, its deleterious effect on the stability of the intercarrier compensation regime, and the apparent breadth of the practice, the Commission should prohibit such self-help measures and ensure that large market players do not abuse their market power to unilaterally accelerate any transition plan or glide path to the final

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<sup>125</sup> *Brooten v. AT&T Corp.*, 12 FCC Rcd 13343 at n.53 (Common Car. Bur. 1997) (citing *MCI Telecommunications Corp.*, 62 F.C.C.2d 703, 705-706 (1976)); *See, also, Tel-Central of Jefferson City Missouri, Inc. v. United Telephone Co.*, Memorandum Opinion and Order, 4 FCC Rcd 8338, 8339, ¶ 9 (1989); *National Communications Association, Inc. v. AT&T Co.*, 2001 WL 99856, \*6 (S.D.N.Y. Feb. 5, 2001) (“The clear line of authority regarding rate disputes is that *the customer may not resort to self-help*; that is, the customer may not merely refuse payment of the disputed rate but must pay the rate and then bring an action to determine the validity of the carrier’s actions.”) (emphasis added); *James M. Carpenter et al. d/b/a Carpenter Radio Company*, Memorandum Opinion and Order, 70 FCC 2d 1756, at ¶ 6 (1979) (“[A] customer has a legal obligation to pay all tariffed rates for telecommunications services . . . until such time as these rates are found unlawful by the Commission or a court of competent jurisdiction.”).

unified rate set by the Commission by withholding payment or unilaterally re-rating traffic to the final unified rate before the transition is completed.

With respect to the structure of rate reductions, the Commission seeks comment on whether “individual negotiations [are] preferable to a uniform glide path set by the Commission,” or whether “the Commission should proposed a default glide path for reductions, such as a percentage per year for a certain number of years, but leave carriers free to negotiate alternate arrangements?”<sup>126</sup> In general, the Facilities-Based CLECs support arms length commercial negotiations among carriers. However, in light of its recent conduct, Verizon’s position that “rates for VoIP traffic should be established in the first instance not through top-down, one-size-fits-all regulation, but through negotiated commercial agreements” rightly raises serious concerns.<sup>127</sup> Verizon and other larger carriers are in a position to unilaterally, and with meager or no justification, withhold intercarrier compensation payments while feigning to negotiate such agreements in order to gain leverage or dictate the final terms of any resulting agreement, including bill-and-keep or rates significantly lower than the Commission’s glide path. Under this tactic, carriers that do not have Verizon’s or another large carrier’s financial muscle would be left with a Hobson’s choice of litigating against it in multiple jurisdictions, which few can afford, or entering into an “agreement” that either permits Verizon to “claw back” the rate applicable to traffic terminated in the past, and/or accelerate the Commission’s transition plan and glide path. This is not a hypothetical concern. In fact, after the Commission released the CLEC Access Reform Order in 2001, legacy IXC AT&T, MCI and Sprint all engaged in self-help and withheld payment of interstate, intrastate, or both switched access charges due CLECs under the terms of the Commission’s glide path. By withholding all access payments AT&T was

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<sup>126</sup> NPRM, at ¶ 554.

<sup>127</sup> Comments of Verizon and Verizon Wireless, at 5.

able to force at least one CLEC to “agree” to bill AT&T both interstate and intrastate access rates at ILEC rate levels, which were well below tariffed rate levels, and prior to the transition benchmark period established by the Commission.<sup>128</sup> Absent Commission action to prohibit self-help and set a default glide path that governs, unless and until parties willingly agree to lower rates, such negotiations would be a sham and would permit further abuses of market power by larger carriers or those with a monopoly position in their service territories.

Thus, the Commission (or each state) should impose a mandatory default glide path for rate reductions while strongly prohibiting self help measures that could be exploited by larger carriers to accelerate the default glide path. As to enforcement and remedies to deter self-help, we urge the FCC to: (1) reiterate that carriers must pay and dispute a tariffed rate, (2) establish an expedited mediation process to resolve disputes about application of intercarrier compensation rates, and (3) adopt enforcement mechanisms that punish self-help where the billing carrier is found to have applied the correct rate and the paying carrier refused to pay during the dispute. In order to add teeth to the prohibition on self-help, the Commission should adopt a base forfeiture for self-help violations by customer-competitors.<sup>129</sup> The Commission should revise the base forfeiture schedule to make clear it will levy penalties against carriers that engage in this discriminatory and anti-competitive practice. Section 503 of the Act provides that any person that willfully or repeatedly fails to comply with any provision of the Act or any rule, regulation, or order issued by the Commission, shall be liable to the United States for a forfeiture

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<sup>128</sup> Joint Reply Comments of PAETEC Communications, Inc., Citynet, LLC, Granite Telecommunications, Inc., RCN Telecom Services, Inc., and U.S. TelePacific Corp., WC Docket Nos. 07-135, 06-122, 05-337, 04-36, 03-109, CC Dockets No. 01-92, 99-200, 99-68, 96-98, 96-45, at 27-28, Attachment B, Reply Declaration of William Haas, at ¶¶ 4-6 (Dec. 22, 2008).

<sup>129</sup> See, 47 C.F.R. § 1.80.



penalty.<sup>130</sup> For example, the Commission’s guidelines “establish a standard forfeiture amount of \$40,000 for violations of our rules and orders regarding unauthorized changes of preferred interexchange carriers,”<sup>131</sup> which is also an anti-competitive practice. The Commission should enforce the requirement to pay intercarrier compensation with investigations and forfeitures just as it does in other instances of non-payment (universal service)<sup>132</sup> and other anti-competitive practices (universal service and slamming). Ensuring that carriers are able to collect revenues for the termination services they provide would reduce uncertainty and free up accounting reserves and capital for more network and product broadband investment.

## VI. CONCLUSION

The Facilities-based CLECs urge the FCC to implement the changes to its rules recommended herein to move the industry toward a unified terminating rate through a phased plan that begins with reductions of intrastate rates to interstate rates over a measured transition period that varies by carrier and by state. The CLECs look forward to working cooperatively with the Commission and industry participants to overhaul the current intercarrier compensation policies.

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<sup>130</sup> 47 U.S.C. § 503.

<sup>131</sup> Horizon Telecom, Inc., Apparent Liability for Forfeiture, File No. EB-07-TC-4006, NAL/Acct. No. 200832170013 (rel. Feb. 29, 2008) (fining Horizon \$5,084,000 for slamming and other violations).

<sup>132</sup> See, e.g., *Telrite Corporation*, Apparent Liability for Forfeiture, Notice of Apparent Liability for Forfeiture and Order, File No. EB-05-IH-2348, NAL/Acct. No. 200832080084, ¶¶ 14, 24-25 (rel. Apr. 17, 2008) (imposing \$924,212 forfeiture for failure to pay USF, TRS, NANPA, and other regulatory fees over the course of approximately two years, which contained an upward adjustment of \$417,438, which represented 50 percent of the largest balance due during that period).

Respectfully submitted,

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/s/

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Dated: April 18, 2011

**Exhibit A**

**Analysis of NECA MOU Reports**

**NATIONAL EXCHANGE CARRIER ASSOCIATION**  
**Submission of 2006-2010 Industry Minutes of Use Data For All Companies Reporting**  
**(In Billions)**

<b>Year</b>	<b>Quarter1</b>	<b>Quarter2</b>	<b>Quarter3</b>	<b>Quarter4</b>	<b>Total</b>
2006	98.2	95.3	94.0	91.9	379.3
2007	90.6	88.5	86.4	83.4	348.9
2008	83.6	80.5	77.2	74.7	316.0
2009	73.1	71.4	68.2	65.7	278.4
2010	63.9	61.0	59.0	56.1	240.0
<b>MOU Change 2006 to 2010</b>					<b>-139.3</b>
<b>% MOU Change 2006 to 2010</b>					<b>-36.7%</b>

**MOU DATA TIER 1 COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
FRONTIER SW-AZ	1	24,394,724	7,578,238	-16,816,486	-68.9%
FRONTIER MIDSTATE-MI	1	118,746,974	49,140,356	-69,606,618	-58.6%
CENTEL OF NV	1	3,002,766,177	1,421,268,282	-1,581,497,895	-52.7%
NET dba FAIRPOINT-NH	1	1,973,683,011	934,960,159	-1,038,722,852	-52.6%
FRONTIER NORTH-MI	1	1,408,882,232	682,179,428	-726,702,804	-51.6%
P R T C - CENTRAL	1	293,544,152	150,930,014	-142,614,138	-48.6%
VERIZON N-PA(QUAKER)	1	142,691,234	75,006,232	-67,685,002	-47.4%
UTC OF OHIO	1	1,170,677,837	619,094,429	-551,583,408	-47.1%
CINCINNATI BELL-KY	1	404,512,932	215,217,814	-189,295,118	-46.8%
VERIZON FLORIDA	1	6,160,976,209	3,292,656,527	-2,868,319,682	-46.6%
FRONTIER CAROLINA-SC	1	65,432,534	35,158,654	-30,273,880	-46.3%
FRONTIER CAROLINA-SC	1	413,803,363	223,355,057	-190,448,306	-46.0%
EMBARQ FLORIDA	1	5,712,456,526	3,135,678,287	-2,576,778,239	-45.1%
QWEST CORP-WA	1	5,132,168,165	2,826,662,515	-2,305,505,650	-44.9%
QWEST CORP-WY	1	734,220,059	406,772,341	-327,447,718	-44.6%
FRONTIER NORTH-OH	1	1,688,414,505	944,025,957	-744,388,548	-44.1%
QWEST CORP-OR	1	3,024,243,539	1,700,681,769	-1,323,561,770	-43.8%
FRONTIER SW-NV	1	147,503,512	82,977,394	-64,526,118	-43.7%
VERIZON N-PA(CONTEL)	1	139,796,474	79,310,714	-60,485,760	-43.3%
NEVADA BELL	1	1,137,515,296	651,701,653	-485,813,643	-42.7%
SOUTHWESTERN BELL-KS	1	2,743,692,678	1,574,774,502	-1,168,918,176	-42.6%
FRONTIER NORTH-IL	1	1,313,979,390	754,619,332	-559,360,058	-42.6%
FRONTIER NW-WA	1	1,627,738,408	936,603,887	-691,134,521	-42.5%
FRONTIER NORTH-IL	1	269,814,479	155,304,176	-114,510,303	-42.4%
FRONTIER NORTH-WI	1	781,092,891	449,690,323	-331,402,568	-42.4%
VERIZON MASS.	1	8,729,044,748	5,037,760,311	-3,691,284,437	-42.3%
CAROLINA TEL & TEL	1	3,134,856,342	1,811,799,351	-1,323,056,991	-42.2%
TEL OP -FAIRPOINT-VT	1	1,059,176,894	614,122,759	-445,054,135	-42.0%
QWEST CORP-MT	1	894,501,148	523,751,389	-370,749,759	-41.4%
FRONTIER NORTH-IN	1	450,528,718	264,183,193	-186,345,525	-41.4%
UTC OF INDIANA	1	663,266,969	391,682,697	-271,584,272	-40.9%
VERIZON NORTH-PA	1	1,169,250,423	690,618,329	-478,632,094	-40.9%
SOUTHERN BELL-FL	1	15,117,147,780	8,989,351,268	-6,127,796,512	-40.5%
QWEST CORP-ND	1	386,554,445	230,641,131	-155,913,314	-40.3%
FRONTIER NW-OR	1	1,025,322,144	612,588,496	-412,733,648	-40.3%
VERIZON NEW JERSEY	1	12,704,953,151	7,610,718,429	-5,094,234,722	-40.1%
FRONTIER NORTH-IN	1	1,784,149,002	1,074,690,808	-709,458,194	-39.8%
QWEST CORP-NM	1	2,365,138,291	1,425,760,686	-939,377,605	-39.7%
MICHIGAN BELL TEL CO	1	7,774,043,692	4,692,414,087	-3,081,629,605	-39.6%
SOUTHWESTERN BELL-OK	1	3,256,532,020	1,966,852,188	-1,289,679,832	-39.6%
FRONTIER NW-WA	1	208,688,502	126,126,624	-82,561,878	-39.6%
SO CENTRAL BELL-LA	1	4,888,303,081	2,959,879,017	-1,928,424,064	-39.4%
QWEST CORP-UT	1	2,401,878,662	1,455,376,929	-946,501,733	-39.4%
CITIZENS-FRONTIER-NY	1	602,588,737	365,172,265	-237,416,472	-39.4%
UNITED SOUTHEAST-TN	1	631,153,723	383,010,123	-248,143,600	-39.3%
QWEST CORP-IDAHO	1	120,242,051	73,105,943	-47,136,108	-39.2%
QWEST CORP-SD	1	491,479,914	299,135,168	-192,344,746	-39.1%
SOUTHWESTERN BELL-AR	1	2,527,326,302	1,539,697,869	-987,628,433	-39.1%
GTE-SW VERIZON-TX	1	213,813,024	130,480,575	-83,332,449	-39.0%
VERIZON PENNSYLVANIA	1	11,084,212,509	6,785,390,563	-4,298,821,946	-38.8%
NET dba FAIRPOINT-ME	1	1,499,837,379	918,529,798	-581,307,581	-38.8%
PACIFIC BELL	1	29,218,770,871	17,968,707,405	-11,250,063,466	-38.5%
FRONTIER CAROLINA-NC	1	544,870,702	335,135,670	-209,735,032	-38.5%
FRONTIER CAROLINA-IL	1	68,112,977	41,924,652	-26,188,325	-38.4%
THE UTC OF PA	1	939,318,723	583,074,035	-356,244,688	-37.9%
SOUTHERN NEW ENGLAND	1	5,985,909,238	3,717,846,350	-2,268,062,888	-37.9%
QWEST CORP-ID	1	1,416,534,267	883,396,606	-533,137,661	-37.6%
QWEST CORP-MN	1	3,839,025,895	2,403,702,027	-1,435,323,868	-37.4%

**MOU DATA TIER 1 COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
SO. CENTRAL BELL -TN	1	5,774,179,751	3,619,475,066	-2,154,704,685	-37.3%
INDIANA BELL TEL CO	1	4,330,456,987	2,716,379,366	-1,614,077,621	-37.3%
VERIZON CA(CONTEL)	1	846,660,502	532,225,475	-314,435,027	-37.1%
GTE SW VERIZON-TX	1	3,114,764,483	1,958,557,291	-1,156,207,192	-37.1%
QWEST CORP-CO	1	6,826,951,874	4,296,773,443	-2,530,178,431	-37.1%
SO CENTRAL BELL-KY	1	2,621,198,090	1,652,872,959	-968,325,131	-36.9%
CENTURYTEL-MO BELLE	1	8,630,868	5,444,425	-3,186,443	-36.9%
CITIZENS-FRONTIER-MN	1	5,306,088	3,368,446	-1,937,642	-36.5%
OHIO BELL TEL CO	1	6,865,117,782	4,404,171,988	-2,460,945,794	-35.8%
WINDSTREAM GA COMM	1	854,605,019	548,457,549	-306,147,470	-35.8%
VERIZON DELAWARE INC	1	1,564,931,379	1,009,964,103	-554,967,276	-35.5%
VERIZON-CA (GTE)	1	7,092,555,725	4,590,541,630	-2,502,014,095	-35.3%
ILLINOIS BELL TEL CO	1	13,110,444,734	8,507,071,084	-4,603,373,650	-35.1%
QWEST CORP-AZ	1	6,372,116,935	4,144,195,832	-2,227,921,103	-35.0%
FRONTIER W-COAST-CA	1	37,878,559	24,681,097	-13,197,462	-34.8%
WISCONSIN BELL	1	3,462,933,434	2,262,021,851	-1,200,911,583	-34.7%
SOUTHWESTERN BELL-TX	1	17,502,784,437	11,461,117,950	-6,041,666,487	-34.5%
VERIZON S-VA(CONTEL)	1	1,829,544,479	1,198,364,575	-631,179,904	-34.5%
CITIZENS-FRONTIER-NY	1	40,273,391	26,393,793	-13,879,598	-34.5%
SOUTHWESTERN BELL-MO	1	5,523,600,516	3,621,616,528	-1,901,983,988	-34.4%
UNITED TEL. - NJ	1	577,926,957	382,076,103	-195,850,854	-33.9%
VERIZON NEW YORK	1	18,022,470,253	11,932,850,103	-6,089,620,150	-33.8%
VERIZON RHODE ISLAND	1	993,938,528	659,960,385	-333,978,143	-33.6%
SO CENTRAL BELL-MS	1	3,516,914,588	2,339,216,155	-1,177,698,433	-33.5%
VERIZON MARYLAND INC	1	9,348,899,557	6,278,359,810	-3,070,539,747	-32.8%
CITIZENS-FRONTIER-NY	1	66,531,665	44,686,825	-21,844,840	-32.8%
SOUTHERN BELL-GA	1	9,822,492,554	6,623,574,820	-3,198,917,734	-32.6%
FRONTIER MIDSTATE-IN	1	19,979,488	13,480,107	-6,499,381	-32.5%
FRONTIER-ROCHESTER	1	912,518,520	616,560,993	-295,957,527	-32.4%
SOUTHERN BELL-SC	1	3,465,793,828	2,350,641,031	-1,115,152,797	-32.2%
FRONTIER NW-ID	1	447,089,442	305,303,855	-141,785,587	-31.7%
SOUTHERN BELL-NC	1	5,144,083,951	3,548,486,069	-1,595,597,882	-31.0%
CENTURYTEL-MO CEN	1	230,375,033	159,995,536	-70,379,497	-30.5%
QWEST CORP-IA	1	2,262,148,155	1,585,702,225	-676,445,930	-29.9%
VERIZON WA, DC INC.	1	2,057,223,029	1,444,463,894	-612,759,135	-29.8%
CENTURYTEL-MO SW	1	620,445,624	435,934,108	-184,511,516	-29.7%
FRONTIER W VA	1	2,439,886,738	1,722,509,380	-717,377,358	-29.4%
VERIZON VIRGINIA INC	1	7,779,159,968	5,526,330,575	-2,252,829,393	-29.0%
WINDSTREAM NE	1	580,940,723	415,409,229	-165,531,494	-28.5%
UNITED SOUTHEAST-VA	1	328,666,098	239,943,382	-88,722,716	-27.0%
SO CENTRAL BELL-AL	1	4,371,910,084	3,205,275,762	-1,166,634,322	-26.7%
FRONTIER CAROLINA-NC	1	435,536,096	322,030,614	-113,505,482	-26.1%
QWEST CORP-NE	1	973,992,592	726,739,136	-247,253,456	-25.4%
CINCINNATI BELL-OH	1	1,632,520,246	1,222,475,796	-410,044,450	-25.1%
CENTURYTEL-MO SOUTH	1	70,847,668	55,499,523	-15,348,145	-21.7%
VERIZON SOUTH-VA	1	147,316,852	129,895,382	-17,421,470	-11.8%
PUERTO RICO TEL CO	1	3,198,243,504	3,025,903,442	-172,340,062	-5.4%
HAWAIIAN TELCOM, INC	1	1,568,762,708	1,996,391,215	427,628,507	27.3%
VERIZON SO NC	1	N/A	758,494	N/A	N/A
FRONTIER SW-CA	1	N/A	8,135,292	N/A	N/A
<b>Total Tier 1</b>		<b>335,650,829,107</b>	<b>212,214,258,473</b>		
<b>Total Tier 1 Excluding Carriers not in Tier in 2006 or 2010</b>		<b>335,650,829,107</b>	<b>212,205,364,687</b>	<b>-123,445,464,420</b>	<b>-36.8%</b>
<b>Average Carrier Loss of MOUs</b>					<b>-37.2%</b>

**MOU DATA TIER 2 COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
FRONTIER-SCHUYLER	2	9,958,813	3,852,668	-6,106,145	-61.3%
CTZENS-FRNT-RVOL ST	2	75,591,426	31,773,573	-43,817,853	-58.0%
UTC OF KANSAS	2	181,207,396	93,134,681	-88,072,715	-48.6%
FRONTIER OF LAKESIDE	2	1,488,382	776,481	-711,901	-47.8%
EMBARQ MO-KS	2	21,059,583	11,059,359	-10,000,224	-47.5%
FRONTIER-SYLVAN LAKE	2	49,799,491	26,202,503	-23,596,988	-47.4%
EMBARQ MINNESOTA	2	386,935,059	208,398,463	-178,536,596	-46.1%
CITZENS-FRNT-RWH MT	2	123,988,973	66,964,761	-57,024,212	-46.0%
NAVAJO-NM-FRONTIER	2	26,282,142	14,387,026	-11,895,116	-45.3%
UNITED OF EASTERN KS	2	148,352,495	81,298,474	-67,054,021	-45.2%
FRONTIER-MINNESOTA	2	295,487,059	167,397,322	-128,089,737	-43.3%
UTC OF THE NW-WA	2	223,947,654	126,902,733	-97,044,921	-43.3%
UTC OF THE WEST-NE	2	85,680,819	48,679,566	-37,001,253	-43.2%
OGDEN TEL DBA FRNT-R	2	34,862,684	20,145,974	-14,716,710	-42.2%
FRONTIER-WISCONSIN	2	49,791,929	28,791,824	-21,000,105	-42.2%
UTC OF THE NW - OR	2	189,316,488	110,748,960	-78,567,528	-41.5%
CEN TEL OF TEXAS	2	504,132,730	294,973,929	-209,158,801	-41.5%
NAVAJO-AZ-FRONTIER	2	88,990,658	52,540,833	-36,449,825	-41.0%
FRONTIER COMM OF NY	2	199,249,570	118,728,228	-80,521,342	-40.4%
UTC OF TEXAS INC	2	323,503,459	192,822,001	-130,681,458	-40.4%
FRONTIER-MONDOVI	2	6,160,749	3,673,306	-2,487,443	-40.4%
EMBARQ MISSOURI	2	570,370,225	340,308,902	-230,061,323	-40.3%
CEN TEL OF NC	2	627,754,999	375,058,550	-252,696,449	-40.3%
WINDSTREAM IOWA	2	178,409,029	107,037,221	-71,371,808	-40.0%
CITIZENS-FRONTIER-ID	2	66,592,788	40,238,456	-26,354,332	-39.6%
WINDSTREAM SW-OK	2	230,050,519	139,545,461	-90,505,058	-39.3%
WINDSTREAM SW-NM#1	2	134,852,883	82,642,265	-52,210,618	-38.7%
FRONTIER IOWA	2	128,370,020	79,204,382	-49,165,638	-38.3%
CENTURYTEL-AL-SOUTH	2	504,140,518	311,265,585	-192,874,933	-38.3%
FRONTIER-MIDLAND	2	11,358,304	7,054,975	-4,303,329	-37.9%
FRONTIER-MT. PULASKI	2	2,837,299	1,764,547	-1,072,752	-37.8%
GEORGIA WINDSTREAM	2	276,739,912	173,905,991	-102,833,921	-37.2%
FRONTIER-BREEZEWOOD	2	14,449,068	9,134,041	-5,315,027	-36.8%
WINDSTREAM SW-NM#2	2	130,672,409	83,197,486	-47,474,923	-36.3%
FRONTIER-CANTON	2	13,070,238	8,330,991	-4,739,247	-36.3%
WINDSTREAM IOWA SYS	2	144,844,210	92,587,066	-52,257,144	-36.1%
CITIZENS-FRONTIER-MN	2	279,890,562	179,046,320	-100,844,242	-36.0%
CITIZENS-FRONTIER-NV	2	88,780,013	56,893,388	-31,886,625	-35.9%
WINDSTREAM IOWA NO	2	239,293,553	153,813,190	-85,480,363	-35.7%
CITIZENS-FRONTIER-NE	2	107,171,803	69,280,731	-37,891,072	-35.4%
RHINELANDER-FRONTIER	2	3,157,173	2,040,970	-1,116,203	-35.4%
GREAT PLAINS COMMUN	2	77,276,184	50,002,603	-27,273,581	-35.3%
FRONTIER-MICHIGAN	2	49,222,118	31,897,469	-17,324,649	-35.2%
CITIZENS-FRONTIER-IL	2	222,763,177	145,648,388	-77,114,789	-34.6%
FRONTIER-AUSABLE VAL	2	15,635,358	10,231,558	-5,403,800	-34.6%
CITIZENS-FRONTIER-NV	2	6,640,771	4,354,917	-2,285,854	-34.4%
KNOLOGY - VALLEY	2	202,351,900	132,721,314	-69,630,586	-34.4%
RHINELANDER-FRONTIER	2	11,040,430	7,294,725	-3,745,705	-33.9%
CZN-CA FRONTIER-GST	2	34,969,552	23,132,174	-11,837,378	-33.9%
MICRONESIAN TELECOMM	2	56,261,254	37,381,143	-18,880,111	-33.6%
WINDSTREAM SW-TX#1	2	587,222,865	392,931,765	-194,291,100	-33.1%
THE EL PASO CNTY TEL	2	15,127,977	10,155,084	-4,972,893	-32.9%
CITIZENS-FRONTIER-TN	2	201,081,473	135,906,854	-65,174,619	-32.4%
RHINELANDER-FRONTIER	2	30,307,975	20,544,872	-9,763,103	-32.2%
CITIZENS-FRONTIER-UT	2	70,884,476	48,231,038	-22,653,438	-32.0%
RHINELANDER-FRONTIER	2	6,402,390	4,387,970	-2,014,420	-31.5%
CENTURYTEL-AL-NORTH	2	350,883,800	240,559,572	-110,324,228	-31.4%
FRONTIER-LAKEWOOD	2	2,962,481	2,031,679	-930,802	-31.4%



**MOU DATA TIER 2 COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
FRONTIER-THORNTOWN	2	4,485,404	3,088,838	-1,396,566	-31.1%
UTC OF THE CAROLINAS	2	311,024,438	215,527,291	-95,497,147	-30.7%
CITZENS-FRNTR-RURAL	2	396,978,257	277,266,269	-119,711,988	-30.2%
FRONTIER COMM.-AL	2	38,472,394	27,124,761	-11,347,633	-29.5%
FRONTIER-MI-OH	2	1,995,782	1,409,234	-586,548	-29.4%
UTC OF THE WEST-WY	2	26,645,311	18,905,396	-7,739,915	-29.0%
NAVAJO-UT-FRONTIER	2	4,265,075	3,055,402	-1,209,673	-28.4%
FRONTIER OF ILLINOIS	2	7,669,451	5,542,586	-2,126,865	-27.7%
FRONTIER COMM-SOUTH	2	43,927,776	31,752,909	-12,174,867	-27.7%
FRONTIER-OSWAYO RIVR	2	9,891,553	7,160,363	-2,731,190	-27.6%
CITIZENS-FRONTIER CA	2	252,712,788	184,955,807	-67,756,981	-26.8%
FRONTIER-SENECA GORH	2	17,419,963	12,775,479	-4,644,484	-26.7%
WINDSTREAM LEXINGTON	2	1,075,810,131	793,279,022	-282,531,109	-26.3%
CENTEL OF VIRGINIA	2	889,933,200	667,575,547	-222,357,653	-25.0%
FRONTIER-ORION	2	3,337,886	2,515,708	-822,178	-24.6%
FRONTIER COMM-SOUTH	2	12,768,725	9,944,881	-2,823,844	-22.1%
FRONTIER-FAIRMOUNT	2	4,510,146	3,560,022	-950,124	-21.1%
CITIZENS-FRONTIER-WV	2	366,620,497	297,625,159	-68,995,338	-18.8%
CITIZENS-FRONTIER-MT	2	33,123,568	26,895,309	-6,228,259	-18.8%
FRONTIER-PRAIRIE	2	1,903,138	1,576,367	-326,771	-17.2%
WINDSTREAM LONDON	2	259,176,058	217,359,054	-41,817,004	-16.1%
CITIZENS-FRONTIER-OR	2	45,451,899	38,179,191	-7,272,708	-16.0%
CITIZENS-FRONTIER-WV	2	92,250,991	83,885,050	-8,365,941	-9.1%
CZN-CA FRONTIER-TUOL	2	14,610,340	13,446,068	-1,164,272	-8.0%
CITIZENS-FRONTIER-WV	2	124,311,661	115,513,855	-8,797,806	-7.1%
FRONTIER-PA	2	55,492,512	52,197,951	-3,294,561	-5.9%
COLUMBUS TELEPHONE	2	3,780,225	3,637,621	-142,604	-3.8%
ACS OF ANCHORAGE	2	N/A	221,476,823	N/A	N/A
ACS-AK GREATLAND	2	N/A	5,430,454	N/A	N/A
ACS-AK JUNEAU	2	N/A	27,948,485	N/A	N/A
ACS-FAIRBANKS, INC.	2	N/A	58,338,016	N/A	N/A
ACS-N GLACIER STATE	2	N/A	111,221,609	N/A	N/A
ACS-N SITKA	2	N/A	30,989,022	N/A	N/A
CENTURY NORTH LA	2	N/A	15,365,141	N/A	N/A
CENTURY-CLAIBORNE	2	N/A	22,880,243	N/A	N/A
CENTURY-GEM STATE-ID	2	N/A	4,256,316	N/A	N/A
CENTURY-NORTHN MICH.	2	N/A	3,839,657	N/A	N/A
CENTURYTEL - EAST LA	2	N/A	5,041,151	N/A	N/A
CENTURYTEL MICHIGAN	2	N/A	77,888,386	N/A	N/A
CENTURYTEL - N. MISS	2	N/A	54,848,360	N/A	N/A
CENTURYTEL- ARKANSAS	2	N/A	44,508,020	N/A	N/A
CENTURYTEL LARSEN	2	N/A	2,781,232	N/A	N/A
CENTURYTEL MONROE	2	N/A	25,525,169	N/A	N/A
CENTURYTEL MW-MI	2	N/A	33,902,282	N/A	N/A
CENTURYTEL NW-AR-RUS	2	N/A	172,797,473	N/A	N/A
CENTURYTEL NW-AR-SIL	2	N/A	33,985,368	N/A	N/A
CENTURYTEL OF EAGLE	2	N/A	157,567,199	N/A	N/A
CENTURYTEL OF IDAHO	2	N/A	12,489,613	N/A	N/A
CENTURYTEL OF ODON	2	N/A	2,839,050	N/A	N/A
CENTURYTEL OF OHIO	2	N/A	97,275,185	N/A	N/A
CENTURYTEL OF WY.	2	N/A	18,465,483	N/A	N/A
CENTURYTEL SW-NM	2	N/A	12,408,471	N/A	N/A
CENTURYTEL-ADAMSVILL	2	N/A	15,646,440	N/A	N/A
CENTURYTEL-CENTR IN	2	N/A	3,771,882	N/A	N/A
CENTURYTEL-CENTR LA	2	N/A	31,643,960	N/A	N/A
CENTURYTEL-CENTRAL A	2	N/A	139,245,454	N/A	N/A
CENTURYTEL-CENTRL WI	2	N/A	99,637,383	N/A	N/A
CENTURYTEL-CHATHAM	2	N/A	3,364,318	N/A	N/A



**MOU DATA TIER 2 COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
CENTURYTEL-COLORADO	2	N/A	25,229,438	N/A	N/A
CENTURYTEL-COWICHE	2	N/A	3,641,563	N/A	N/A
CENTURYTEL-EVANGELIN	2	N/A	46,453,124	N/A	N/A
CENTURYTEL-FAIRWATER	2	N/A	1,566,538	N/A	N/A
CENTURYTEL-FORESTVIL	2	N/A	2,290,821	N/A	N/A
CENTURYTEL-GEM ST-NV	2	N/A	1,854,363	N/A	N/A
CENTURYTEL-LK DALLAS	2	N/A	16,864,844	N/A	N/A
CENTURYTEL-MINNESOTA	2	N/A	44,624,049	N/A	N/A
CENTURYTEL-MONTANA	2	N/A	137,201,110	N/A	N/A
CENTURYTEL-MTN HOME	2	N/A	56,797,476	N/A	N/A
CENTURYTEL-MW-KENDAL	2	N/A	140,815,835	N/A	N/A
CENTURYTEL-MW-WI	2	N/A	44,452,140	N/A	N/A
CENTURYTEL-MW-WI	2	N/A	1,350,970	N/A	N/A
CENTURYTEL-MW-WI	2	N/A	14,894,517	N/A	N/A
CENTURYTEL-MW-WI	2	N/A	4,745,987	N/A	N/A
CENTURYTEL-MW-WI/NW	2	N/A	103,790,901	N/A	N/A
CENTURYTEL-NORTH WI	2	N/A	25,361,600	N/A	N/A
CENTURYTEL-NW LA	2	N/A	19,820,278	N/A	N/A
CENTURYTEL-NW WI	2	N/A	55,179,864	N/A	N/A
CENTURYTEL-OOLTEWAH	2	N/A	15,977,834	N/A	N/A
CENTURYTEL-OREGON	2	N/A	137,068,499	N/A	N/A
CENTURYTEL-PORT ARAN	2	N/A	3,936,246	N/A	N/A
CENTURYTEL-REDFIELD	2	N/A	2,346,234	N/A	N/A
CENTURYTEL-RINGGOLD	2	N/A	4,591,590	N/A	N/A
CENTURYTEL-SAN MARCO	2	N/A	25,751,013	N/A	N/A
CENTURYTEL-SE LA	2	N/A	12,367,135	N/A	N/A
CENTURYTEL-SO WI	2	N/A	8,899,225	N/A	N/A
CENTURYTEL-SOUTH AR	2	N/A	5,018,840	N/A	N/A
CENTURYTEL-SW LA	2	N/A	10,553,480	N/A	N/A
CENTURYTEL-UPPER MI	2	N/A	19,937,280	N/A	N/A
CENTURYTEL-WASHINGTO	2	N/A	281,970,892	N/A	N/A
CENTURYTEL-WISCONSIN	2	N/A	151,190,799	N/A	N/A
CHINA TEL CO.	2	N/A	1,794,268	N/A	N/A
COASTAL UTILITIES	2	N/A	88,621,399	N/A	N/A
CONSOLIDATED COMM-TX	2	N/A	158,472,689	N/A	N/A
CONSOLIDATED FT BEND	2	N/A	55,757,824	N/A	N/A
CZN-CA FRONTIER-GVN	2	N/A	22,071,783	N/A	N/A
FAIRPOINT-VT	2	N/A	9,372,440	N/A	N/A
GALLATIN RIVER COMM.	2	N/A	89,132,982	N/A	N/A
GULF TEL CO - AL	2	N/A	113,813,887	N/A	N/A
IL CONSOLIDATED TEL	2	N/A	219,852,514	N/A	N/A
LA HARPE TEL CO INC	2	N/A	527,642	N/A	N/A
LAKE LIVINGSTON TEL	2	N/A	518,082	N/A	N/A
MEBTel, INC.	2	N/A	35,232,779	N/A	N/A
NORTHLAND TEL CO-ME	2	N/A	21,856,490	N/A	N/A
OKLAHOMA WINDSTREAM	2	N/A	37,628,062	N/A	N/A
SPECTRA COMM. GROUP	2	N/A	212,352,148	N/A	N/A
STANDISH TEL CO	2	N/A	12,757,571	N/A	N/A
TELEPHONE USA OF WI	2	N/A	114,246,274	N/A	N/A
TEXAS WINDSTREAM	2	N/A	36,275,952	N/A	N/A
VITELCO-INNOVATIVE	2	N/A	167,146,313	N/A	N/A
WARWICK VALLEY-NJ	2	N/A	0	N/A	N/A
WARWICK VALLEY-NY	2	N/A	0	N/A	N/A
WINDSTREAM AL	2	N/A	53,353,076	N/A	N/A
WINDSTREAM AR	2	N/A	192,706,722	N/A	N/A
WINDSTREAM CONCORD	2	N/A	216,239,507	N/A	N/A
WINDSTREAM FL	2	N/A	194,653,382	N/A	N/A
WINDSTREAM GA	2	N/A	131,559,018	N/A	N/A

**MOU DATA TIER 2 COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
WINDSTREAM KERRVILLE	2	N/A	30,296,394	N/A	N/A
WINDSTREAM KY WEST	2	N/A	28,988,171	N/A	N/A
WINDSTREAM LEXCOM	2	N/A	21,647,377	N/A	N/A
WINDSTREAM MO	2	N/A	119,588,586	N/A	N/A
WINDSTREAM MS	2	N/A	23,233,683	N/A	N/A
WINDSTREAM NC	2	N/A	492,768,693	N/A	N/A
WINDSTREAM NY-FULTON	2	N/A	44,175,885	N/A	N/A
WINDSTREAM OH	2	N/A	157,122,852	N/A	N/A
WINDSTREAM OK	2	N/A	25,530,867	N/A	N/A
WINDSTREAM PA	2	N/A	337,715,117	N/A	N/A
WINDSTREAM RED JACKT	2	N/A	1,764,085	N/A	N/A
WINDSTREAM SC	2	N/A	98,163,730	N/A	N/A
WINDSTREAM STANDARD	2	N/A	158,455,552	N/A	N/A
WINDSTREAM SUGARLAND	2	N/A	119,412,955	N/A	N/A
WINDSTREAM W-RESERVE	2	N/A	316,821,443	N/A	N/A
WINDSTREAM-JAMESTOWN	2	N/A	65,929,610	N/A	N/A
MALHEUR HOME TEL CO	2	54,422,534	N/A	N/A	N/A
<b>Total Non-NECA Tier 2</b>		<b>6,389,225,879</b>	<b>11,839,783,090</b>		
<b>Total Non-NECA Tier 2 Excluding Carriers not in Tier in 2006 or 2010</b>		<b>12,818,196,434</b>	<b>8,428,771,448</b>	<b>-4,389,424,986</b>	<b>-34.2%</b>
<b>Average Carrier Loss of MOUs</b>					<b>-33.6%</b>

**MOU DATA NECA TIER 2 COST COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
BEEHIVE TEL CO - NV	C	210,043,211	896,641	-209,146,570	-99.6%
INTERSTATE 35 TEL CO	C	241,755,774	2,708,446	-239,047,328	-98.9%
BEEHIVE TEL CO - UT	C	173,479,804	3,853,282	-169,626,522	-97.8%
S. CENTRAL TEL - KS	C	73,177,432	2,927,309	-70,250,123	-96.0%
GLENWOOD TEL MEMBER	C	57,749,150	2,674,326	-55,074,824	-95.4%
ATLAS TEL CO	C	30,479,955	2,051,047	-28,428,908	-93.3%
WHEAT STATE TEL, INC	C	52,325,745	3,714,503	-48,611,242	-92.9%
HEART OF IOWA COMM.	C	56,523,696	5,939,109	-50,584,587	-89.5%
ALLIANCE-SPLITROCK	C	98,788,402	11,607,039	-87,181,363	-88.3%
DALTON TEL CO, INC	C	16,758,620	2,363,859	-14,394,761	-85.9%
S & A TEL CO INC	C	6,050,103	862,126	-5,187,977	-85.8%
BLOSSOM TEL CO	C	9,941,179	1,467,125	-8,474,054	-85.2%
JEFFERSON TEL CO -SD	C	4,714,817	729,431	-3,985,386	-84.5%
STOUTLAND TEL CO	C	20,320,049	3,312,682	-17,007,367	-83.7%
UNION TELEPHONE CO	C	91,298,483	18,294,434	-73,004,049	-80.0%
CHINA TEL CO.	C	9,045,390	1,950,793	-7,094,597	-78.4%
STRATFORD MUTUAL TEL	C	1,467,982	323,453	-1,144,529	-78.0%
LA HARPE TEL CO INC	C	2,918,570	676,909	-2,241,661	-76.8%
STANDISH TEL CO	C	51,105,406	12,175,131	-38,930,275	-76.2%
ZENDA TEL COMPANY	C	668,930	162,879	-506,051	-75.7%
BRIDGEWATER TEL CO	C	45,990,038	11,534,622	-34,455,416	-74.9%
MOULTRIE INDEPENDENT	C	2,853,054	717,302	-2,135,752	-74.9%
S. CENTRAL TEL - OK	C	1,473,290	373,215	-1,100,075	-74.7%
HARTINGTON TEL CO	C	10,784,859	2,813,404	-7,971,455	-73.9%
LAKE LIVINGSTON TEL	C	2,302,805	606,955	-1,695,850	-73.6%
MID-AMERICA TEL INC	C	9,259,534	2,583,714	-6,675,820	-72.1%
CHEROKEE TEL CO	C	20,478,575	5,820,802	-14,657,773	-71.6%
CASS TEL CO	C	8,219,433	2,349,652	-5,869,781	-71.4%
MUKLUK TEL CO INC	C	19,992,670	5,884,228	-14,108,442	-70.6%
NORTHLAND TEL CO-ME	C	74,911,807	22,628,504	-52,283,303	-69.8%
DIRECTCOMM-CEDAR VAL	C	7,513,856	2,492,585	-5,021,271	-66.8%
MARGARETVILLE TEL CO	C	12,031,776	4,086,210	-7,945,566	-66.0%
VITELCO-INNOVATIVE	C	478,213,416	164,769,224	-313,444,192	-65.5%
WINDSTREAM LEXCOM	C	69,400,144	24,054,329	-45,345,815	-65.3%
OKLAHOMA COMM SYSTEM	C	71,434,697	25,401,549	-46,033,148	-64.4%
CAMERON TEL CO TEXAS	C	1,511,524	538,080	-973,444	-64.4%
STAYTON COOP TEL CO	C	29,972,010	10,746,014	-19,225,996	-64.1%
EMRY dba EMRY TELCOM	C	41,267,070	14,904,100	-26,362,970	-63.9%
ITS TELECOMM. SYS.	C	17,975,078	6,517,334	-11,457,744	-63.7%
LENNON TEL CO	C	4,517,685	1,667,215	-2,850,470	-63.1%
HAT ISLAND TEL CO	C	149,687	56,680	-93,007	-62.1%
OKLAHOMA TEL & TEL	C	7,055,915	2,688,666	-4,367,249	-61.9%
COMSOUTH TELECOMM	C	19,666,456	7,579,634	-12,086,822	-61.5%
GRANADA TEL CO	C	444,283	172,604	-271,679	-61.1%
SALUDA MOUNTAIN TEL	C	9,788,942	3,873,820	-5,915,122	-60.4%
LA WARD TEL EXCHANGE	C	1,848,783	731,824	-1,116,959	-60.4%
GERMANTOWN INDEPEND	C	8,269,721	3,279,087	-4,990,634	-60.3%
DIRECT COMM-ROCKLAND	C	5,269,163	2,123,436	-3,145,727	-59.7%
FAIRPOINT-VT	C	22,413,907	9,103,481	-13,310,426	-59.4%
GOLDEN WEST-KADOKA	C	1,285,222	527,335	-757,887	-59.0%
LA HARPE TEL CO	C	3,226,873	1,326,944	-1,899,929	-58.9%
BRAZORIA TEL CO	C	10,855,999	4,474,072	-6,381,927	-58.8%
GLENWOOD TEL CO	C	3,331,463	1,375,660	-1,955,803	-58.7%
WEST LIBERTY TEL CO	C	12,577,104	5,234,707	-7,342,397	-58.4%
NEW FLORENCE TEL CO	C	1,004,548	422,545	-582,003	-57.9%
SOUTH PARK TEL. CO.	C	1,066,094	449,997	-616,097	-57.8%
CAP ROCK TEL COOP	C	9,111,081	3,853,832	-5,257,249	-57.7%
FIVE AREA TEL CO-OP	C	14,522,761	6,175,575	-8,347,186	-57.5%

**MOU DATA NECA TIER 2 COST COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
CHRISTENSEN COMM CO	C	3,886,139	1,657,985	-2,228,154	-57.3%
ALENCO COMMUNICATION	C	3,939,988	1,712,425	-2,227,563	-56.5%
NEBRASKA CENTRAL TEL	C	23,011,905	10,010,513	-13,001,392	-56.5%
RIVIERA TEL CO INC	C	1,476,512	649,168	-827,344	-56.0%
SILVER STAR TEL- ID	C	23,287,724	10,320,378	-12,967,346	-55.7%
LIGONIER TEL CO	C	9,497,507	4,210,856	-5,286,651	-55.7%
BERKSHIRE TEL CORP	C	16,310,204	7,234,457	-9,075,747	-55.6%
SLEDGE TEL CO	C	2,204,041	977,902	-1,226,139	-55.6%
ECKLES TEL CO	C	10,169,036	4,532,378	-5,636,658	-55.4%
PEOPLES TEL CO. - OR	C	3,184,061	1,423,292	-1,760,769	-55.3%
GERVAIS TELEPHONE CO	C	2,646,686	1,186,330	-1,460,356	-55.2%
UNITED TEL ASSN	C	23,967,591	10,843,400	-13,124,191	-54.8%
COLTON TEL CO	C	2,491,709	1,135,610	-1,356,099	-54.4%
OKLAHOMA WESTERN TEL	C	14,905,971	6,877,445	-8,028,526	-53.9%
OGDEN TEL CO	C	1,355,103	626,712	-728,391	-53.8%
CUMBY TEL COOP INC	C	1,624,259	752,812	-871,447	-53.7%
HAYNEVILLE TEL CO	C	9,054,406	4,205,522	-4,848,884	-53.6%
Fremont Telcom	C	15,563,807	7,250,526	-8,313,281	-53.4%
RICO TEL CO	C	812,250	378,734	-433,516	-53.4%
NEHALEM TELECOMM.	C	6,566,694	3,069,343	-3,497,351	-53.3%
CLARENCE TEL CO	C	1,462,950	684,385	-778,565	-53.2%
EMILY COOP TEL CO	C	2,616,244	1,225,545	-1,390,699	-53.2%
HARGRAY TEL CO	C	237,275,478	111,222,718	-126,052,760	-53.1%
DUNKIRK & FREDONIA	C	13,717,749	6,439,165	-7,278,584	-53.1%
BRAZOS TEL COOP INC	C	9,947,356	4,702,642	-5,244,714	-52.7%
HAPPY VALLEY TEL CO	C	11,327,567	5,371,636	-5,955,931	-52.6%
J. B. N. TEL CO INC	C	7,804,442	3,711,937	-4,092,505	-52.4%
ARCTIC SLOPE TEL	C	27,585,271	13,122,810	-14,462,461	-52.4%
SPRINGPORT TEL CO	C	5,662,451	2,695,293	-2,967,158	-52.4%
SUREWEST TEL.	C	254,379,250	121,308,097	-133,071,153	-52.3%
FARMERS MUTUAL COOP	C	1,557,904	743,281	-814,623	-52.3%
LIPAN TEL CO	C	2,631,824	1,257,190	-1,374,634	-52.2%
HOPI TELECOMM, INC.	C	5,448,990	2,605,063	-2,843,927	-52.2%
BLOUNTSVILLE TEL CO	C	12,925,273	6,179,661	-6,745,612	-52.2%
GANADO TELEPHONE CO	C	4,449,738	2,130,409	-2,319,329	-52.1%
MONON TEL CO	C	3,574,934	1,712,788	-1,862,146	-52.1%
STOCKBRIDGE & SHERWD	C	5,580,229	2,681,102	-2,899,127	-52.0%
SE TEL OF WISCONSIN	C	19,390,038	9,325,727	-10,064,311	-51.9%
LAVACA TEL CO-OK	C	4,062,931	1,956,417	-2,106,514	-51.8%
CAMBRIDGE TEL CO -NE	C	3,832,533	1,850,486	-1,982,047	-51.7%
FELTON TEL CO. INC.	C	1,605,296	778,476	-826,820	-51.5%
LAKESIDE TEL. CO.	C	1,120,762	544,590	-576,172	-51.4%
UNITED UTILITIES INC	C	44,927,341	21,957,492	-22,969,849	-51.1%
MCNABB TEL CO	C	935,299	457,209	-478,090	-51.1%
BUSH-TEL INC.	C	6,405,469	3,133,400	-3,272,069	-51.1%
RAGLAND TEL CO	C	2,868,132	1,403,690	-1,464,442	-51.1%
ARIZONA TELEPHONE CO	C	9,069,462	4,450,249	-4,619,213	-50.9%
EGYPTIAN COOP ASSN	C	8,713,941	4,288,713	-4,425,228	-50.8%
CHARITON VALLEY TEL	C	21,011,041	10,350,585	-10,660,456	-50.7%
TAYLOR TEL CO-OP INC	C	11,106,261	5,482,207	-5,624,054	-50.6%
NICHOLVILLE TEL CO	C	6,858,890	3,386,073	-3,472,817	-50.6%
COLEMAN COUNTY CO-OP	C	3,601,641	1,780,800	-1,820,841	-50.6%
KEARSARGE TEL CO	C	44,245,278	21,930,768	-22,314,510	-50.4%
LAVACA TEL CO-AR	C	3,700,281	1,838,931	-1,861,350	-50.3%
POTLATCH TEL CO INC	C	12,527,925	6,226,558	-6,301,367	-50.3%
WARREN TEL CO	C	5,164,192	2,570,705	-2,593,487	-50.2%
RAINBOW TELECOM	C	6,440,142	3,208,985	-3,231,157	-50.2%
PUBLIC SERVICE TEL	C	32,488,147	16,217,710	-16,270,437	-50.1%

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KETCHIKAN PUBLIC UT	C	32,769,908	16,361,154	-16,408,754	-50.1%
ELLIJAY TEL CO	C	35,763,285	17,897,360	-17,865,925	-50.0%
NUNN TEL CO	C	2,051,231	1,030,673	-1,020,558	-49.8%
PEND OREILLE TEL.	C	7,160,964	3,611,814	-3,549,150	-49.6%
HANCOCK TELECOM	C	23,243,522	11,850,188	-11,393,334	-49.0%
MONROE TELEPHONE CO.	C	2,996,884	1,535,027	-1,461,857	-48.8%
ONEIDA COUNTY RURAL	C	6,815,923	3,492,238	-3,323,685	-48.8%
ELECTRA TELEPHONE CO	C	2,286,227	1,171,477	-1,114,750	-48.8%
GERMANTOWN TEL CO	C	7,104,653	3,644,644	-3,460,009	-48.7%
RICE BELT TEL CO	C	1,715,240	881,226	-834,014	-48.6%
GRANBY TEL CO - MO	C	6,654,960	3,433,069	-3,221,891	-48.4%
HAVILAND TEL CO	C	10,274,012	5,306,224	-4,967,788	-48.4%
MOUNT HOREB TEL CO	C	8,947,296	4,624,373	-4,322,923	-48.3%
ARAPAHOE TEL CO	C	6,484,775	3,352,752	-3,132,023	-48.3%
SOUTHWESTERN TEL CO	C	15,708,241	8,134,444	-7,573,797	-48.2%
CITIZENS TEL CO - GA	C	11,429,708	5,919,461	-5,510,247	-48.2%
MID MAINE TELECOM	C	14,754,704	7,641,951	-7,112,753	-48.2%
MILLER TEL CO - MO	C	2,278,458	1,184,177	-1,094,281	-48.0%
SHELL ROCK COMM	C	1,753,992	912,979	-841,013	-47.9%
PATTERSONVILLE TEL	C	2,519,056	1,311,515	-1,207,541	-47.9%
HOPPER TELECOMM. CO.	C	10,237,933	5,333,858	-4,904,075	-47.9%
INTERIOR TEL CO INC	C	57,136,230	29,784,930	-27,351,300	-47.9%
ELSIE COMM., INC.	C	648,405	338,086	-310,319	-47.9%
GRISWOLD CO-OP TEL	C	5,654,892	2,948,536	-2,706,356	-47.9%
TOTAH COMMUNICATIONS	C	5,349,051	2,789,456	-2,559,595	-47.9%
SLEEPY EYE TEL CO	C	12,401,218	6,471,182	-5,930,036	-47.8%
TWIN VALLEY-ULEN TEL	C	10,054,578	5,262,997	-4,791,581	-47.7%
INDUSTRY TEL CO	C	3,218,119	1,686,953	-1,531,166	-47.6%
HOLWAY TEL CO	C	1,706,528	894,857	-811,671	-47.6%
ALMA TEL CO	C	17,479,789	9,166,508	-8,313,281	-47.6%
WES-TEX TEL CO-OP	C	4,066,421	2,133,269	-1,933,152	-47.5%
COLO TEL CO	C	1,451,838	762,622	-689,216	-47.5%
CHUGWATER TEL CO	C	937,506	492,594	-444,912	-47.5%
TENINO TELEPHONE CO	C	9,050,771	4,757,901	-4,292,870	-47.4%
TOWNSHIP TEL CO	C	10,041,958	5,279,858	-4,762,100	-47.4%
VALLIANT TEL CO	C	8,432,171	4,437,860	-3,994,311	-47.4%
PEOPLES TELECOM LLC	C	5,859,467	3,084,450	-2,775,017	-47.4%
WALDRON TEL CO	C	1,963,336	1,033,932	-929,404	-47.3%
THE CHAMPAIGN TEL CO	C	19,337,779	10,193,081	-9,144,698	-47.3%
CURTIS TEL CO	C	2,481,036	1,307,806	-1,173,230	-47.3%
DECATUR TEL CO INC	C	4,546,787	2,396,848	-2,149,939	-47.3%
IAMO TEL CO - IA	C	1,415,271	747,095	-668,176	-47.2%
ORWELL TEL CO	C	14,030,494	7,413,783	-6,616,711	-47.2%
CONSOLIDATED TELECOM	C	3,123,989	1,653,006	-1,470,983	-47.1%
MIDVALE TEL EXCH INC	C	5,200,532	2,755,174	-2,445,358	-47.0%
CONCORD TEL EXCHANGE	C	105,929,451	56,125,887	-49,803,564	-47.0%
WAUNETAL TEL CO	C	1,710,955	907,054	-803,901	-47.0%
EASTERN SLOPE RURAL	C	13,092,586	6,959,574	-6,133,012	-46.8%
CALAVERAS TEL CO	C	10,004,272	5,322,556	-4,681,716	-46.8%
SANTA ROSA TEL COOP	C	5,873,106	3,131,428	-2,741,678	-46.7%
PHILLIPS COUNTY TEL	C	5,364,569	2,860,969	-2,503,600	-46.7%
NOXAPATER TEL CO	C	2,813,239	1,501,563	-1,311,676	-46.6%
ARROWHEAD COMM CORP	C	1,354,119	723,007	-631,112	-46.6%
AYRSHIRE FARMERS MUT	C	512,786	273,797	-238,989	-46.6%
WINTERHAVEN TEL. CO.	C	8,044,586	4,297,828	-3,746,758	-46.6%
TOHONO O'ODHAM UTIL.	C	4,413,819	2,361,185	-2,052,634	-46.5%
BEAR LAKE COMM	C	1,692,754	907,418	-785,336	-46.4%
SOUTHWEST TEXAS TEL	C	6,419,691	3,444,302	-2,975,389	-46.3%



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KASSON & MANTORVILLE	C	8,312,044	4,459,718	-3,852,326	-46.3%
COZAD TEL CO	C	5,559,935	2,983,531	-2,576,404	-46.3%
HAMPDEN TEL CO	C	10,128,420	5,439,153	-4,689,267	-46.3%
SOUTH PLAINS TEL	C	7,890,944	4,243,943	-3,647,001	-46.2%
MOUND BAYOU TEL & CO	C	4,773,290	2,569,313	-2,203,977	-46.2%
KEYSTONE-ARTHUR TEL	C	1,885,507	1,015,436	-870,071	-46.1%
MCCLURE TEL CO	C	1,340,178	723,370	-616,808	-46.0%
BRUCE TEL CO, INC	C	4,878,943	2,635,765	-2,243,178	-46.0%
ROGGEN TEL COOP CO	C	499,971	270,144	-229,827	-46.0%
OSAKIS TEL CO	C	3,927,721	2,123,641	-1,804,080	-45.9%
EAST OTTER TAIL TEL	C	43,204,490	23,469,619	-19,734,871	-45.7%
CANBY TEL ASSN	C	26,334,964	14,325,311	-12,009,653	-45.6%
THE CHILLICOTHE TEL	C	67,107,006	36,535,072	-30,571,934	-45.6%
BIG BEND TEL CO INC	C	13,263,764	7,227,589	-6,036,175	-45.5%
INTER-COMMUNITY TEL	C	7,006,985	3,822,626	-3,184,359	-45.4%
ODIN TEL EXCH INC	C	8,784,581	4,799,696	-3,984,885	-45.4%
VALLEY TEL CO-OP -TX	C	8,478,425	4,634,695	-3,843,730	-45.3%
MATANUSKA TEL ASSOC	C	210,012,607	114,807,287	-95,205,320	-45.3%
YELCOT TEL CO INC	C	10,944,335	5,984,440	-4,959,895	-45.3%
CARNEGIE TEL CO INC	C	3,967,252	2,170,528	-1,796,724	-45.3%
LITTLE MIAMI COMM.	C	5,989,964	3,280,895	-2,709,069	-45.2%
SHIDLER TEL CO	C	2,145,678	1,176,191	-969,487	-45.2%
FILER MUTUAL TEL -NV	C	3,054,483	1,675,300	-1,379,183	-45.2%
STRASBURG TEL CO	C	4,377,603	2,409,608	-1,967,995	-45.0%
WINN TEL CO	C	2,116,805	1,167,557	-949,248	-44.8%
FULTON TEL CO	C	17,380,716	9,592,670	-7,788,046	-44.8%
BRANTLEY TEL CO	C	16,210,846	8,958,743	-7,252,103	-44.7%
BIXBY TEL CO	C	25,655,987	14,183,718	-11,472,269	-44.7%
GRAND RIVER MUT-IA	C	21,386,762	11,829,343	-9,557,419	-44.7%
FAIRPOINT MISSOURI	C	19,294,502	10,698,719	-8,595,783	-44.6%
ORCHARD FARM TEL CO	C	898,337	498,141	-400,196	-44.5%
NUCLA-NATURITA TEL	C	5,485,071	3,041,910	-2,443,161	-44.5%
SYCAMORE TEL CO	C	3,132,942	1,738,909	-1,394,033	-44.5%
OREGON TEL CORP	C	7,722,987	4,292,202	-3,430,785	-44.4%
HOOD CANAL TEL CO	C	2,931,547	1,631,065	-1,300,482	-44.4%
GTA TELECOM, LLC	C	257,458,581	143,261,644	-114,196,937	-44.4%
LINCOLN CTY TEL SYS	C	11,155,001	6,212,872	-4,942,129	-44.3%
OREGON TEL CORP-MTE	C	1,538,156	857,133	-681,023	-44.3%
TATUM TEL CO	C	1,753,555	977,165	-776,390	-44.3%
WAMEGO TEL CO INC	C	13,337,923	7,436,314	-5,901,609	-44.2%
ONEIDA TEL EXCHANGE	C	1,439,193	805,296	-633,897	-44.0%
LONSDALE TEL CO	C	3,530,868	1,978,607	-1,552,261	-44.0%
PLAINVIEW TEL CO	C	2,720,468	1,526,542	-1,193,926	-43.9%
NEW HOPE TEL COOP	C	11,552,754	6,485,155	-5,067,599	-43.9%
MADISON TEL., LLC	C	1,775,987	997,186	-778,801	-43.9%
CALHOUN CITY TEL CO	C	9,402,158	5,281,043	-4,121,115	-43.8%
CRAW-KAN TEL COOP	C	48,711,194	27,387,046	-21,324,148	-43.8%
PULASKI-WHITE RURAL	C	3,325,575	1,870,733	-1,454,842	-43.7%
TABLE TOP TEL CO	C	19,188,038	10,800,473	-8,387,565	-43.7%
MID CENTURY TEL COOP	C	7,905,646	4,450,254	-3,455,392	-43.7%
CLARKS TELECOM CO.	C	1,913,681	1,079,050	-834,631	-43.6%
OTZ TEL COOPERATIVE	C	14,892,017	8,405,434	-6,486,583	-43.6%
GTC, INC.	C	19,051,531	10,762,045	-8,289,486	-43.5%
AGATE MUTUAL TEL CO	C	367,518	207,631	-159,887	-43.5%
PINE TELEPHONE CO	C	28,079,269	15,882,258	-12,197,011	-43.4%
ACE-MI OLD MISSION	C	3,345,486	1,894,708	-1,450,778	-43.4%
COOP TEL EXCHANGE	C	1,189,837	674,072	-515,765	-43.3%
COPPER VALLEY TEL	C	19,472,859	11,033,686	-8,439,173	-43.3%

**MOU DATA NECA TIER 2 COST COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
VERNON TEL CO	C	5,355,288	3,034,409	-2,320,879	-43.3%
SOUTH CENTRAL UTAH	C	45,459,638	25,772,432	-19,687,206	-43.3%
EASTEX TEL COOP INC	C	58,464,384	33,162,379	-25,302,005	-43.3%
PLAINS COOP TEL ASSN	C	4,149,949	2,355,625	-1,794,324	-43.2%
SCIO MUTUAL TEL ASSN	C	5,204,491	2,956,142	-2,248,349	-43.2%
KALAMA TEL CO	C	8,835,674	5,019,605	-3,816,069	-43.2%
WINNEBAGO COOP-MN	C	1,782,044	1,014,643	-767,401	-43.1%
LEAF RIVER TEL CO	C	885,361	504,210	-381,151	-43.1%
ALHAMBRA-GRANTFORK	C	3,027,621	1,725,557	-1,302,064	-43.0%
TOLEDO TELEPHONE CO	C	4,851,084	2,765,996	-2,085,088	-43.0%
NIAGARA TEL CO	C	15,869,751	9,052,127	-6,817,624	-43.0%
BIJOU TEL COOP ASSOC	C	2,881,332	1,645,928	-1,235,404	-42.9%
ROOME TELECOMM INC	C	2,225,709	1,272,539	-953,170	-42.8%
DOBSON TEL CO	C	9,896,822	5,658,719	-4,238,103	-42.8%
HEARTLND-HICKORYTECH	C	36,925,547	21,123,660	-15,801,887	-42.8%
SAN CARLOS APACHE	C	6,616,754	3,785,902	-2,830,852	-42.8%
CROSS TEL CO	C	28,608,761	16,369,612	-12,239,149	-42.8%
GARDEN VALLEY TEL CO	C	38,255,079	21,890,528	-16,364,551	-42.8%
PIGEON TEL CO	C	7,367,598	4,223,354	-3,144,244	-42.7%
CHURCHILL-CC COMM.	C	53,859,712	30,935,390	-22,924,322	-42.6%
FISHERS ISLAND TEL	C	2,405,640	1,382,269	-1,023,371	-42.5%
KNOLOGY COMM TEL	C	15,228,022	8,752,100	-6,475,922	-42.5%
NORTHEAST FLORIDA	C	22,177,299	12,767,853	-9,409,446	-42.4%
COMM 1 NETWORK	C	3,147,095	1,815,876	-1,331,219	-42.3%
VALLEY TEL COOP-AZ	C	27,093,162	15,633,767	-11,459,395	-42.3%
HORRY TEL COOP	C	335,155,620	193,614,889	-141,540,731	-42.2%
BLOOMINGDALE HOME	C	1,783,096	1,030,734	-752,362	-42.2%
GOLDEN BELT TEL ASSN	C	13,107,450	7,577,852	-5,529,598	-42.2%
COMMUNITY TEL CO	C	2,507,324	1,449,914	-1,057,410	-42.2%
HOME TEL CO	C	5,617,015	3,248,209	-2,368,806	-42.2%
VOLCANO TEL CO	C	22,399,240	12,959,143	-9,440,097	-42.1%
ARLINGTON TEL CO	C	2,132,413	1,234,513	-897,900	-42.1%
HORNITOS TEL CO	C	1,358,363	786,812	-571,551	-42.1%
MCDONOUGH TEL COOP	C	8,076,296	4,678,525	-3,397,771	-42.1%
DEKALB TEL COOP	C	57,264,255	33,235,637	-24,028,618	-42.0%
MONITOR COOP TEL	C	1,520,554	882,933	-637,621	-41.9%
ELIZABETH TEL CO	C	7,818,558	4,544,423	-3,274,135	-41.9%
VERNON TEL COOP	C	17,482,126	10,184,715	-7,297,411	-41.7%
BADGER TELECOM, INC.	C	15,098,661	8,803,336	-6,295,325	-41.7%
MOUNDRIDGE TEL CO	C	9,599,430	5,599,068	-4,000,362	-41.7%
WIGGINS TEL ASSOC	C	4,604,369	2,692,312	-1,912,057	-41.5%
SW ARKANSAS TEL COOP	C	26,345,014	15,413,406	-10,931,608	-41.5%
HUMPHREY'S COUNTY	C	4,981,679	2,915,799	-2,065,880	-41.5%
ONTARIO TEL CO, INC.	C	7,463,243	4,369,831	-3,093,412	-41.4%
PINE TEL SYSTEM INC.	C	4,537,012	2,656,837	-1,880,175	-41.4%
SOUTHEAST MS TEL CO	C	14,340,657	8,402,909	-5,937,748	-41.4%
MOKAN DIAL INC-MO	C	2,588,287	1,517,005	-1,071,282	-41.4%
CHAUTAUQUA & ERIE	C	26,662,734	15,634,422	-11,028,312	-41.4%
PEOPLES TEL COOP -TX	C	32,194,005	18,887,022	-13,306,983	-41.3%
PIONEER TEL CO	C	2,439,392	1,431,641	-1,007,751	-41.3%
GOLDEN WEST-VIVIAN	C	51,038,302	29,961,273	-21,077,029	-41.3%
UNITED FARMERS TEL	C	1,209,189	711,001	-498,188	-41.2%
ORISKANY FALLS TEL	C	1,325,612	780,463	-545,149	-41.1%
LAFOURCHE TEL CO	C	32,918,675	19,391,926	-13,526,749	-41.1%
HINTON TEL CO	C	7,604,354	4,483,955	-3,120,399	-41.0%
MID-PLAINS RURAL TEL	C	5,163,691	3,049,384	-2,114,307	-40.9%
SILVER STAR TEL-WY	C	15,908,299	9,404,346	-6,503,953	-40.9%
ARKWEST COMM., INC.	C	14,175,749	8,381,259	-5,794,490	-40.9%

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BAY SPRINGS TEL CO	C	29,551,148	17,482,956	-12,068,192	-40.8%
EAGLE VALLEY TEL CO	C	1,248,896	739,013	-509,883	-40.8%
LACKAWAXEN TELECOM	C	13,249,800	7,854,529	-5,395,271	-40.7%
BRETTON WOODS TEL CO	C	1,999,282	1,188,161	-811,121	-40.6%
UTC OF TN	C	43,336,473	25,827,833	-17,508,640	-40.4%
BPS Tel. Co.	C	14,071,203	8,387,828	-5,683,375	-40.4%
UBTA-UBET/STRATA	C	54,558,813	32,539,784	-22,019,029	-40.4%
SPRING VALLEY TEL CO	C	3,587,449	2,139,752	-1,447,697	-40.4%
GOLDEN WEST TELECOM	C	49,186,092	29,359,394	-19,826,698	-40.3%
NEW LONDON TEL CO	C	1,544,069	921,996	-622,073	-40.3%
WITTENBERG TEL CO	C	5,553,515	3,317,259	-2,236,256	-40.3%
FARMERS MUTUAL TEL	C	3,025,918	1,807,597	-1,218,321	-40.3%
ALL WEST COMM.-WY	C	1,961,262	1,172,311	-788,951	-40.2%
JOHNSON TEL CO	C	4,099,604	2,451,667	-1,647,937	-40.2%
RURAL TEL CO - ID	C	1,407,910	842,508	-565,402	-40.2%
NATIONAL OF ALABAMA	C	5,881,059	3,522,977	-2,358,082	-40.1%
LOST NATION-ELWOOD	C	3,477,677	2,085,846	-1,391,831	-40.0%
WYANDOTTE TEL CO	C	3,333,914	2,000,286	-1,333,628	-40.0%
CITIZENS HAMMOND NY	C	3,287,062	1,972,551	-1,314,511	-40.0%
CAMDEN TEL & TEL CO	C	131,762,180	79,107,423	-52,654,757	-40.0%
GRANITE STATE TEL	C	32,921,545	19,768,348	-13,153,197	-40.0%
WOODHULL TEL CO	C	2,370,073	1,423,359	-946,714	-39.9%
SWISHER TEL CO	C	1,932,446	1,161,063	-771,383	-39.9%
HILL COUNTRY CO-OP	C	35,647,557	21,432,154	-14,215,403	-39.9%
ALBION TEL CO-ATC	C	17,304,313	10,404,403	-6,899,910	-39.9%
SW OKLAHOMA TEL CO	C	2,375,090	1,429,249	-945,841	-39.8%
SUNFLOWER TEL CO	C	13,196,746	7,941,552	-5,255,194	-39.8%
ISLAND TEL CO	C	1,521,732	916,296	-605,436	-39.8%
WEBSTER-CALHOUN COOP	C	7,890,393	4,754,733	-3,135,660	-39.7%
PINE ISLAND TEL CO	C	6,328,143	3,813,923	-2,514,220	-39.7%
HENDERSON CO-OP TEL	C	2,265,228	1,366,438	-898,790	-39.7%
ROANOKE TEL CO	C	20,889,787	12,603,894	-8,285,893	-39.7%
HARTMAN TEL EXCH INC	C	1,998,822	1,206,749	-792,073	-39.6%
CLEAR LAKE INDEPEND	C	13,806,787	8,336,466	-5,470,321	-39.6%
GRAND RIVER MUT-MO	C	40,959,594	24,761,795	-16,197,799	-39.5%
FILER MUTUAL TEL -ID	C	5,687,297	3,441,753	-2,245,544	-39.5%
ADAK TEL UTILITY	C	527,152	319,247	-207,905	-39.4%
BALLARD RURAL COOP	C	16,138,710	9,790,959	-6,347,751	-39.3%
MARQUETTE-ADAMS COOP	C	8,696,345	5,276,901	-3,419,444	-39.3%
RED RIVER RURAL TEL	C	13,417,093	8,145,630	-5,271,463	-39.3%
CENTRAL TEXAS CO-OP	C	11,806,515	7,168,773	-4,637,742	-39.3%
ARDMORE TEL CO	C	29,815,030	18,110,604	-11,704,426	-39.3%
STOCKHOLM-STRANDBURG	C	2,181,343	1,326,031	-855,312	-39.2%
HUMBOLDT TEL CO	C	4,400,336	2,676,345	-1,723,991	-39.2%
SUNFLOWER TEL - CO	C	997,165	606,822	-390,343	-39.1%
WELLMAN COOP TEL	C	2,357,030	1,435,011	-922,019	-39.1%
WALNUT HILL TEL CO	C	20,462,196	12,464,796	-7,997,400	-39.1%
BENKELMAN TEL CO	C	3,021,424	1,841,916	-1,179,508	-39.0%
CUNNINGHAM TEL CO	C	4,226,597	2,576,676	-1,649,921	-39.0%
HERSHEY COOP TEL CO	C	1,803,344	1,099,994	-703,350	-39.0%
INTERSTATE TELECOMM.	C	40,805,419	24,901,106	-15,904,313	-39.0%
GEORGETOWN TEL CO	C	1,286,985	785,394	-501,591	-39.0%
WEBB-DICKENS TEL	C	879,722	537,391	-342,331	-38.9%
ALASKA TEL CO	C	33,073,136	20,208,009	-12,865,127	-38.9%
BERNARD TEL CO INC	C	1,049,750	643,977	-405,773	-38.7%
YCOM NETWORKS, INC.	C	34,556,689	21,226,520	-13,330,169	-38.6%
VALLEY TEL COOP - NM	C	6,030,773	3,705,665	-2,325,108	-38.6%
UNION TEL CO	C	21,310,430	13,101,470	-8,208,960	-38.5%



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MON-CRE TEL COOP	C	8,201,111	5,042,897	-3,158,214	-38.5%
BORDER TO BORDER	C	83,091	51,097	-31,994	-38.5%
MADISON COUNTY TEL	C	13,044,796	8,022,894	-5,021,902	-38.5%
EMPIRE TEL CORP	C	16,489,559	10,153,803	-6,335,756	-38.4%
ACE TEL ASSN-MN	C	32,352,711	19,922,465	-12,430,246	-38.4%
LEACO RURAL TEL COOP	C	7,609,536	4,699,514	-2,910,022	-38.2%
MCDONALD COUNTY TEL	C	16,670,803	10,318,092	-6,352,711	-38.1%
ENMR TEL COOP INC-NM	C	40,986,503	25,440,856	-15,545,647	-37.9%
CLAY DBA ENDEAVOR	C	22,847,652	14,185,147	-8,662,505	-37.9%
FIDELITY TEL CO	C	31,988,681	19,861,171	-12,127,510	-37.9%
NORTHFIELD TEL CO	C	12,789,651	7,945,862	-4,843,789	-37.9%
CROWN POINT TEL CORP	C	3,097,620	1,925,858	-1,171,762	-37.8%
ROCHESTER TEL CO	C	15,655,706	9,737,669	-5,918,037	-37.8%
CENTRAL ARKANSAS TEL	C	6,719,050	4,180,507	-2,538,543	-37.8%
RESERVE TEL CO	C	14,192,508	8,830,861	-5,361,647	-37.8%
TRUMANSBURG TEL CO.	C	13,830,787	8,610,694	-5,220,093	-37.7%
MOAPA VALLEY TEL CO.	C	11,435,688	7,123,081	-4,312,607	-37.7%
KANOKLA TEL ASSN-KS	C	6,126,538	3,817,231	-2,309,307	-37.7%
CAMPTI-PLEASANT HILL	C	7,473,781	4,662,461	-2,811,320	-37.6%
OXFORD WEST TEL CO	C	16,247,005	10,142,203	-6,104,802	-37.6%
EAST ASCENSION TEL	C	86,931,499	54,332,049	-32,599,450	-37.5%
KENNEBEC TEL CO	C	1,803,247	1,127,234	-676,013	-37.5%
TOTAH COMMUNICATIONS	C	4,303,868	2,690,852	-1,613,016	-37.5%
BIG SANDY TELECOM	C	3,158,541	1,975,182	-1,183,359	-37.5%
BLUE EARTH VALLEY	C	14,184,609	8,876,826	-5,307,783	-37.4%
IAMO TEL CO - MO	C	3,399,595	2,127,588	-1,272,007	-37.4%
SOUTH ARKANSAS TEL	C	10,822,039	6,784,223	-4,037,816	-37.3%
BUGGS ISLAND COOP	C	15,596,351	9,794,798	-5,801,553	-37.2%
SIREN TEL CO, INC	C	6,708,623	4,213,320	-2,495,303	-37.2%
YUKON TEL CO INC	C	1,242,056	781,811	-460,245	-37.1%
HEMINGFORD COOP TEL	C	2,790,129	1,757,447	-1,032,682	-37.0%
COLUMBINE ACQ CORP	C	7,369,297	4,643,931	-2,725,366	-37.0%
CLEAR CREEK MUTUAL	C	8,790,017	5,562,406	-3,227,611	-36.7%
WEST TEXAS RURAL TEL	C	5,166,176	3,269,916	-1,896,260	-36.7%
SIERRA TELEPHONE CO	C	45,225,148	28,627,732	-16,597,416	-36.7%
WEST CENTRAL TEL	C	9,664,941	6,117,974	-3,546,967	-36.7%
HAXTUN TEL CO	C	3,862,469	2,445,050	-1,417,419	-36.7%
WASHINGTON CTY RURAL	C	11,462,288	7,265,666	-4,196,622	-36.6%
ALL WEST COMM-UT	C	15,628,985	9,911,749	-5,717,236	-36.6%
TOTELCOM COMM.	C	10,039,207	6,369,492	-3,669,715	-36.6%
CONNEAUT TEL CO	C	18,711,893	11,884,307	-6,827,586	-36.5%
CITIZENS TEL CO - MO	C	6,554,034	4,164,157	-2,389,877	-36.5%
CAMERON TEL CO - LA	C	13,292,310	8,446,374	-4,845,936	-36.5%
NORTH STATE TEL CO.	C	2,240,900	1,424,136	-816,764	-36.4%
NELSON-BALL GROUND	C	19,691,027	12,516,890	-7,174,137	-36.4%
INDIANHEAD TEL CO	C	6,492,324	4,128,025	-2,364,299	-36.4%
UPPER PENINSULA TEL	C	19,604,297	12,472,374	-7,131,923	-36.4%
MOLALLA TEL CO.	C	11,079,760	7,056,472	-4,023,288	-36.3%
WILSON TEL CO INC	C	5,432,406	3,460,948	-1,971,458	-36.3%
ASOTIN TEL - WA	C	4,519,601	2,880,284	-1,639,317	-36.3%
PEOPLES TEL CO - MN	C	4,769,620	3,039,661	-1,729,959	-36.3%
S & T TEL COOP ASSN	C	7,056,259	4,504,139	-2,552,120	-36.2%
RIO VIRGIN TEL CO	C	45,488,852	29,039,071	-16,449,781	-36.2%
CASCADE UTIL INC	C	23,333,708	14,904,514	-8,429,194	-36.1%
BLACK EARTH TEL CO	C	2,582,570	1,650,084	-932,486	-36.1%
MEDICINE PARK TEL CO	C	2,278,170	1,457,699	-820,471	-36.0%
HELIX TEL CO.	C	913,298	584,850	-328,448	-36.0%
ACE TEL ASSN-IA	C	12,743,932	8,161,556	-4,582,376	-36.0%

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PLANT TEL. CO.	C	26,438,455	16,934,799	-9,503,656	-35.9%
PROJECT TEL CO	C	19,925,695	12,772,975	-7,152,720	-35.9%
FARMERS MUTUAL TEL	C	11,371,520	7,291,892	-4,079,628	-35.9%
CHEYENNE RIVER SIOUX	C	10,548,051	6,774,041	-3,774,010	-35.8%
MT VERNON TEL CO	C	30,550,408	19,643,344	-10,907,064	-35.7%
CONSOLIDATED TEL CO	C	8,990,691	5,781,899	-3,208,792	-35.7%
LUCK TEL CO	C	7,157,735	4,604,001	-2,553,734	-35.7%
PEETZ COOP TEL CO	C	788,264	507,152	-281,112	-35.7%
DICKEY RURAL COOP	C	32,216,885	20,759,900	-11,456,985	-35.6%
MUTUAL TEL CO	C	16,365,332	10,562,057	-5,803,275	-35.5%
LINCOLNVILLE NETWRKS	C	38,465,474	24,868,416	-13,597,058	-35.3%
CITIZENS TEL CO	C	59,062,195	38,220,913	-20,841,282	-35.3%
HANCOCK TEL CO	C	4,843,937	3,136,010	-1,707,927	-35.3%
UNITEL, INC.	C	13,336,242	8,641,596	-4,694,646	-35.2%
WEST TENNESSEE TEL	C	7,331,038	4,755,193	-2,575,845	-35.1%
UTELCO, INC	C	60,215,484	39,065,389	-21,150,095	-35.1%
GTC, INC.	C	25,513,965	16,554,114	-8,959,851	-35.1%
OREGON FARMERS MUT	C	2,481,361	1,610,388	-870,973	-35.1%
MIDDLEBURGH TEL CO	C	13,844,004	8,985,244	-4,858,760	-35.1%
CHAZY & WESTPORT	C	9,469,812	6,150,699	-3,319,113	-35.0%
MASHELL TELECOM INC	C	7,444,166	4,836,583	-2,607,583	-35.0%
COLORADO VALLEY TEL	C	9,068,483	5,898,762	-3,169,721	-35.0%
STAR MEMBERSHIP CORP	C	52,155,371	33,979,637	-18,175,734	-34.8%
CHIBARDUN TEL COOP	C	15,330,709	9,997,525	-5,333,184	-34.8%
C-R TEL CO	C	1,535,915	1,002,366	-533,549	-34.7%
BLOOMER TEL CO	C	6,067,097	3,961,053	-2,106,044	-34.7%
LA VALLE TEL COOP	C	3,979,141	2,600,972	-1,378,169	-34.6%
MIDSTATE COMM., INC.	C	10,419,523	6,816,264	-3,603,259	-34.6%
LA JICARITA RURAL	C	8,231,493	5,388,991	-2,842,502	-34.5%
ALLENDAL TEL CO	C	6,793,382	4,450,731	-2,342,651	-34.5%
UNION TEL CO	C	9,473,642	6,212,546	-3,261,096	-34.4%
PORT BYRON TEL CO	C	6,313,294	4,143,724	-2,169,570	-34.4%
WAUNAKEE TEL CO	C	15,110,376	9,920,587	-5,189,789	-34.3%
LEMONWEIR VALLEY TEL	C	6,482,610	4,257,323	-2,225,287	-34.3%
3-RIVERS TEL COOP	C	67,242,673	44,226,362	-23,016,311	-34.2%
WEST PENOBSCOT TEL	C	7,188,100	4,732,533	-2,455,567	-34.2%
FORESTHILL-SEBASTIAN	C	6,765,749	4,459,495	-2,306,254	-34.1%
ELLENSBURG TEL CO	C	46,485,146	30,651,339	-15,833,807	-34.1%
EL PASO TEL CO	C	3,905,202	2,575,991	-1,329,211	-34.0%
MUENSTER DBA NORTEX	C	6,600,742	4,356,962	-2,243,780	-34.0%
HOME TELEPHONE CO	C	1,760,603	1,163,950	-596,653	-33.9%
PEMBROKE TEL CO	C	8,873,720	5,867,348	-3,006,372	-33.9%
WALNUT TEL CO, INC	C	2,113,846	1,398,393	-715,453	-33.8%
MUTUAL TEL CO	C	1,124,402	744,473	-379,929	-33.8%
MCCLOUD TEL CO	C	16,808,800	11,129,348	-5,679,452	-33.8%
CLARA CITY TEL EXCH	C	2,496,266	1,653,359	-842,907	-33.8%
TENNESSEE TEL CO	C	181,952,877	120,556,347	-61,396,530	-33.7%
PLANTERS RURAL COOP	C	24,419,622	16,183,520	-8,236,102	-33.7%
NEWPORT TEL CO	C	6,511,706	4,318,808	-2,192,898	-33.7%
FARMERS TEL COOP	C	166,005,736	110,186,514	-55,819,222	-33.6%
PBT TELECOM, INC.	C	39,299,517	26,099,568	-13,199,949	-33.6%
CROCKETT TEL CO	C	7,056,591	4,689,392	-2,367,199	-33.5%
PENASCO VALLEY TEL	C	12,067,933	8,019,907	-4,048,026	-33.5%
UNION RIVER TEL CO	C	3,613,362	2,403,258	-1,210,104	-33.5%
MILLTOWN MUTUAL TEL	C	6,817,542	4,545,035	-2,272,507	-33.3%
LANCASTER TEL CO	C	65,983,491	44,012,503	-21,970,988	-33.3%
CENTRAL UTAH TEL INC	C	10,664,287	7,114,575	-3,549,712	-33.3%
GUADALUPE VALLEY TEL	C	82,002,232	54,782,072	-27,220,160	-33.2%

**MOU DATA NECA TIER 2 COST COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
PRICE COUNTY TEL CO	C	11,503,051	7,687,980	-3,815,071	-33.2%
GRIDLEY TEL CO	C	3,473,390	2,321,585	-1,151,805	-33.2%
TRI-COUNTY COMM COOP	C	9,276,301	6,203,068	-3,073,233	-33.1%
MERCHANTS & FARMERS	C	1,090,905	729,854	-361,051	-33.1%
RANGE TEL COOP - WY	C	68,966,808	46,195,009	-22,771,799	-33.0%
DAKOTA CENTRAL COOP	C	11,821,164	7,922,752	-3,898,412	-33.0%
STAR TEL CO	C	7,224,988	4,845,276	-2,379,712	-32.9%
ROANOKE & BOTETOURT	C	26,382,235	17,705,564	-8,676,671	-32.9%
THE NOVA TEL CO	C	2,452,399	1,646,728	-805,671	-32.9%
HIAWATHA TEL CO	C	16,658,752	11,208,802	-5,449,950	-32.7%
KANOKLA TEL ASSN-OK	C	3,507,875	2,362,552	-1,145,323	-32.7%
SOMERSET TEL CO	C	27,867,559	18,783,184	-9,084,375	-32.6%
WINDSTREAM LAKEDALE	C	20,297,363	13,681,531	-6,615,832	-32.6%
TRI-COUNTY TEL CO-AR	C	20,740,135	13,993,910	-6,746,225	-32.5%
WESTERN WAHIAKUM	C	4,213,128	2,843,354	-1,369,774	-32.5%
DELTA COUNTY TEL CO	C	33,258,781	22,445,830	-10,812,951	-32.5%
NORTH DAKOTA TEL CO	C	39,724,612	26,820,794	-12,903,818	-32.5%
POKA-LAMBRO TEL COOP	C	4,529,302	3,060,903	-1,468,399	-32.4%
ALPINE COMM.	C	14,807,116	10,018,901	-4,788,215	-32.3%
NORTH ARKANSAS TEL	C	28,332,005	19,181,309	-9,150,696	-32.3%
ST JOHN TEL CO	C	1,714,346	1,161,485	-552,861	-32.2%
SANTEL COMM. COOP.	C	10,698,683	7,255,309	-3,443,374	-32.2%
WINNEBAGO COOP-IA	C	14,988,788	10,165,055	-4,823,733	-32.2%
ARKANSAS TEL CO	C	24,376,565	16,535,724	-7,840,841	-32.2%
TRI COUNTY TEL ASSN	C	21,407,793	14,523,037	-6,884,756	-32.2%
WAVERLY HALL, LLC	C	4,337,589	2,946,127	-1,391,462	-32.1%
DILLER TEL CO	C	2,197,819	1,494,665	-703,154	-32.0%
PIONEER TEL COOP INC	C	127,308,018	86,657,704	-40,650,314	-31.9%
DELHI TEL CO	C	10,905,215	7,427,912	-3,477,303	-31.9%
CANADIAN VALLEY TEL	C	3,821,390	2,607,513	-1,213,877	-31.8%
COMM CORP OF MI	C	9,080,417	6,196,975	-2,883,442	-31.8%
PAUL BUNYAN RURAL	C	27,515,579	18,809,711	-8,705,868	-31.6%
TERRAL TEL CO	C	1,297,227	887,421	-409,806	-31.6%
NE MISSOURI RURAL	C	19,259,086	13,185,889	-6,073,197	-31.5%
GREEN HILLS TEL CORP	C	10,852,651	7,430,748	-3,421,903	-31.5%
NEW PARIS TEL INC	C	5,079,903	3,478,282	-1,601,621	-31.5%
BEAVER CREEK COOP	C	8,930,525	6,118,142	-2,812,383	-31.5%
WABASH TEL COOP, INC	C	12,338,739	8,453,847	-3,884,892	-31.5%
FARMERS MUTUAL TEL	C	842,302	577,336	-264,966	-31.5%
NORTHEAST LOUISIANA	C	3,094,929	2,123,422	-971,507	-31.4%
Tularosa Basin Tel.	C	15,256,942	10,473,872	-4,783,070	-31.4%
WINDSTREAM CONNECT	C	27,394,959	18,807,209	-8,587,750	-31.3%
CITIZENS TEL COOP-WI	C	5,065,250	3,480,378	-1,584,872	-31.3%
THREE RIVER TELCO	C	4,276,019	2,939,736	-1,336,283	-31.3%
NEW ULM TELECOM, INC	C	19,810,240	13,628,015	-6,182,225	-31.2%
SOUTH SLOPE COOP TEL	C	29,826,986	20,529,041	-9,297,945	-31.2%
ELLINGTON TEL CO	C	4,685,730	3,225,327	-1,460,403	-31.2%
EAGLE TEL SYSTEMS	C	2,010,831	1,385,499	-625,332	-31.1%
WEST KENTUCKY RURAL	C	51,438,198	35,495,643	-15,942,555	-31.0%
BLOOMINGDALE TEL CO	C	4,708,653	3,253,705	-1,454,948	-30.9%
FARMERS TEL CO - CO	C	2,991,744	2,069,354	-922,390	-30.8%
PIONEER TEL COOP	C	42,449,850	29,397,469	-13,052,381	-30.7%
BULLOCH COUNTY RURAL	C	20,969,751	14,525,459	-6,444,292	-30.7%
MILLINGTON TEL CO	C	62,781,014	43,493,293	-19,287,721	-30.7%
NORTHEAST NEBRASKA	C	20,811,515	14,429,130	-6,382,385	-30.7%
MCTA, INC.	C	41,277,826	28,625,512	-12,652,314	-30.7%
LINCOLN TEL CO INC	C	4,890,337	3,393,194	-1,497,143	-30.6%
DEERFIELD FARMERS	C	6,427,006	4,459,966	-1,967,040	-30.6%

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BACA VALLEY TEL CO	C	3,164,851	2,198,203	-966,648	-30.5%
OREGON-IDAHO UTIL.	C	4,934,091	3,428,004	-1,506,087	-30.5%
WILLISTON TEL CO	C	15,564,582	10,827,915	-4,736,667	-30.4%
CUSTER TEL COOP	C	8,219,247	5,718,473	-2,500,774	-30.4%
CITIZENS MUTUAL TEL	C	8,181,551	5,708,951	-2,472,600	-30.2%
MOKAN DIAL INC-KS	C	9,664,909	6,753,791	-2,911,118	-30.1%
VENTURE COMM. COOP	C	35,764,947	25,006,295	-10,758,652	-30.1%
STANTON TELECOM INC.	C	2,650,755	1,855,440	-795,315	-30.0%
THE SISKIYOU TEL CO	C	14,448,326	10,133,605	-4,314,721	-29.9%
PIEDMONT RURAL COOP	C	35,375,839	24,818,764	-10,557,075	-29.8%
SE NEBRASKA COMM INC	C	13,477,252	9,458,362	-4,018,890	-29.8%
SMITHVILLE COMM.	C	61,599,839	43,234,540	-18,365,299	-29.8%
MCCLELLANVILLE TEL	C	5,465,639	3,838,159	-1,627,480	-29.8%
BARNARDSVILLE TEL CO	C	4,277,455	3,005,218	-1,272,237	-29.7%
RYE TELEPHONE CO	C	7,469,542	5,253,367	-2,216,175	-29.7%
LUDLOW TEL CO	C	11,995,695	8,455,954	-3,539,741	-29.5%
ST STEPHEN TEL CO	C	18,974,487	13,398,638	-5,575,849	-29.4%
HART TEL CO	C	13,401,077	9,472,227	-3,928,850	-29.3%
EDWARDS TEL CO	C	5,012,728	3,547,573	-1,465,155	-29.2%
WEST SIDE TEL-WV	C	7,934,984	5,617,737	-2,317,247	-29.2%
TACONIC TEL CORP	C	80,214,636	56,814,020	-23,400,616	-29.2%
GTC, INC.	C	84,580,852	59,985,696	-24,595,156	-29.1%
W. RIVER TELECOM.	C	42,166,348	29,907,409	-12,258,939	-29.1%
PIONEER TEL ASSN INC	C	42,872,966	30,452,759	-12,420,207	-29.0%
CHOUTEAU TEL CO	C	7,949,423	5,653,828	-2,295,595	-28.9%
WOOD COUNTY TEL CO	C	57,241,919	40,756,402	-16,485,517	-28.8%
ROCK HILL TEL CO	C	173,161,652	123,295,562	-49,866,090	-28.8%
CHAMPLAIN TEL CO	C	20,148,096	14,372,642	-5,775,454	-28.7%
QUINCY TEL CO-FL DIV	C	37,810,804	27,036,259	-10,774,545	-28.5%
WILKES TEL & ELC CO	C	21,559,281	15,418,223	-6,141,058	-28.5%
CIMARRON TEL CO	C	14,906,054	10,661,331	-4,244,723	-28.5%
LISMORE COOP TEL CO	C	601,785	430,534	-171,251	-28.5%
WHIDBEY TEL CO.	C	40,124,714	28,734,314	-11,390,400	-28.4%
WEST RIVER COOP	C	13,508,485	9,677,656	-3,830,829	-28.4%
VALLEY TELECOMM.	C	11,050,495	7,918,728	-3,131,767	-28.3%
PEOPLES TEL CO	C	56,552,489	40,618,292	-15,934,197	-28.2%
GILA RIVER TELECOM.	C	7,902,709	5,676,871	-2,225,838	-28.2%
MARK TWAIN RURAL TEL	C	11,793,857	8,472,733	-3,321,124	-28.2%
Ozark Tel. Co.	C	16,058,421	11,538,359	-4,520,062	-28.1%
BLUE VALLEY TELE-COM	C	22,074,364	15,865,842	-6,208,522	-28.1%
WILKES MEMBERSHIP	C	25,272,315	18,167,295	-7,105,020	-28.1%
CHICKAMAUGA TEL CORP	C	12,238,185	8,797,902	-3,440,283	-28.1%
MINBURN TELECOMM.	C	1,806,698	1,299,881	-506,817	-28.1%
MOUNDEVILLE TEL CO	C	3,060,311	2,208,097	-852,214	-27.8%
CHICKASAW TEL CO	C	25,168,855	18,184,025	-6,984,830	-27.8%
UNITED TEL MUTUAL	C	26,973,755	19,491,381	-7,482,374	-27.7%
TRANS-CASCADES TEL	C	1,046,121	756,184	-289,937	-27.7%
FLAT ROCK TEL CO-OP	C	1,793,958	1,297,967	-495,991	-27.6%
QUINCY TEL CO-GA DIV	C	4,144,648	3,000,295	-1,144,353	-27.6%
FARMERS TELECOM COOP	C	55,178,054	39,995,254	-15,182,800	-27.5%
MIDWAY TEL CO	C	18,305,938	13,282,065	-5,023,873	-27.4%
MARIANNA - SCENERY	C	5,150,379	3,740,661	-1,409,718	-27.4%
CHATHAM TEL CO - MI	C	7,079,742	5,163,993	-1,915,749	-27.1%
ISLAND TEL CO	C	2,085,333	1,521,477	-563,856	-27.0%
PRAIRIE GROVE TEL CO	C	21,639,807	15,802,447	-5,837,360	-27.0%
WAITSFIELD/FAYSTON	C	75,080,821	54,998,940	-20,081,881	-26.7%
KALONA COOP TEL CO	C	4,749,168	3,482,718	-1,266,450	-26.7%
GOODMAN TEL CO	C	7,888,584	5,785,992	-2,102,592	-26.7%



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MIDVALE-AZ	C	4,595,353	3,372,099	-1,223,254	-26.6%
PERRY-SPENCER RURAL	C	11,156,041	8,189,797	-2,966,244	-26.6%
CAMBRIDGE TEL CO	C	8,789,004	6,458,812	-2,330,192	-26.5%
MIDSTATE TEL CO	C	5,166,149	3,805,643	-1,360,506	-26.3%
THE PONDEROSA TEL CO	C	12,224,960	9,006,481	-3,218,479	-26.3%
HARTLAND & ST ALBANS	C	10,990,929	8,110,248	-2,880,681	-26.2%
BLACKFOOT TEL - BTC	C	28,286,284	20,882,113	-7,404,171	-26.2%
PEOPLES MUTUAL TEL	C	17,080,672	12,615,613	-4,465,059	-26.1%
BLUE RIDGE TEL CO	C	27,338,657	20,195,693	-7,142,964	-26.1%
DAVISS-MARTIN/RTC	C	6,030,077	4,454,638	-1,575,439	-26.1%
EASTERN NEBRASKA TEL	C	11,691,456	8,637,573	-3,053,883	-26.1%
DEPOSIT TEL CO	C	23,229,668	17,171,106	-6,058,562	-26.1%
WILTON TEL CO - NH	C	11,178,554	8,266,224	-2,912,330	-26.1%
CENTRAL MONTANA	C	23,636,740	17,493,990	-6,142,750	-26.0%
GRANBY TEL & TEL -MA	C	5,658,812	4,195,151	-1,463,661	-25.9%
MADISON TEL CO	C	13,880,815	10,301,380	-3,579,435	-25.8%
WESTERN NEW MEXICO	C	31,629,013	23,575,438	-8,053,575	-25.5%
NORTH CENTRAL COOP	C	65,850,689	49,135,939	-16,714,750	-25.4%
GRAND TEL CO INC	C	10,345,087	7,729,597	-2,615,490	-25.3%
FARMERS MUTUAL TEL	C	2,768,462	2,069,966	-698,496	-25.2%
ARMSTRONG TEL CO-NY	C	9,783,086	7,333,886	-2,449,200	-25.0%
TRIANGLE TEL COOP	C	35,411,412	26,581,700	-8,829,712	-24.9%
TENNEY TEL CO	C	3,379,520	2,541,525	-837,995	-24.8%
THE BLAIR TEL CO	C	21,358,517	16,133,691	-5,224,826	-24.5%
PINELAND TEL COOP	C	25,610,788	19,348,609	-6,262,179	-24.5%
WOLVERINE TEL CO	C	17,493,716	13,234,585	-4,259,131	-24.3%
ACE TEL OF MICHIGAN	C	10,721,646	8,112,827	-2,608,819	-24.3%
PANHANDLE TEL COOP	C	95,496,329	72,298,963	-23,197,366	-24.3%
BLACKFOOT TEL - CFT	C	40,498,272	30,690,691	-9,807,581	-24.2%
SPRING GROVE COMM.	C	2,945,707	2,232,655	-713,052	-24.2%
LOGAN TEL. COOP. INC	C	18,436,185	13,975,890	-4,460,295	-24.2%
DUO COUNTY TEL COOP	C	34,730,194	26,345,904	-8,384,290	-24.1%
RURAL TEL SERVICE CO	C	34,527,243	26,241,280	-8,285,963	-24.0%
TELLICO TEL CO	C	26,566,517	20,191,985	-6,374,532	-24.0%
MILLRY TEL CO	C	33,104,474	25,174,792	-7,929,682	-24.0%
INTERBEL TEL COOP	C	11,353,477	8,634,484	-2,718,993	-23.9%
LEWIS RIVER TEL CO	C	21,394,711	16,272,612	-5,122,099	-23.9%
PINNACLES TEL CO	C	565,361	430,939	-134,422	-23.8%
PINE BELT TEL CO	C	11,166,210	8,529,722	-2,636,488	-23.6%
POLAR COMM MUT AID	C	18,449,254	14,098,708	-4,350,546	-23.6%
RADCLIFFE TEL CO	C	901,284	689,127	-212,157	-23.5%
SALINA-SPAVINAW TEL	C	21,655,116	16,586,559	-5,068,557	-23.4%
H & B COMMUNICATIONS	C	2,601,641	1,994,879	-606,762	-23.3%
ROOSEVELT CNTY RURAL	C	4,422,424	3,391,933	-1,030,491	-23.3%
MID STATE TEL CO	C	13,861,730	10,660,585	-3,201,145	-23.1%
SHAWNEE TEL. CO.	C	12,121,956	9,344,279	-2,777,677	-22.9%
ELKHART TEL CO INC	C	4,289,913	3,310,137	-979,776	-22.8%
LE-RU TELEPHONE CO	C	9,147,783	7,063,453	-2,084,330	-22.8%
FORT MOJAVE TEL, INC	C	4,846,568	3,744,935	-1,101,633	-22.7%
MID-RIVERS TEL COOP	C	42,960,597	33,208,341	-9,752,256	-22.7%
PEOPLES RURAL COOP	C	18,123,003	14,055,051	-4,067,952	-22.4%
SCOTT COUNTY COOP	C	30,529,775	23,709,024	-6,820,751	-22.3%
NORTH PENN TEL CO	C	21,478,083	16,680,728	-4,797,355	-22.3%
K & M TEL CO, INC	C	2,122,425	1,651,960	-470,465	-22.2%
ROCK COUNTY TEL CO	C	2,364,188	1,847,472	-516,716	-21.9%
CAL-ORE TELEPHONE CO	C	9,498,326	7,428,895	-2,069,431	-21.8%
COUNCIL GROVE TEL CO	C	3,991,895	3,124,308	-867,587	-21.7%
RURAL TEL CO - NV	C	3,852,488	3,015,421	-837,067	-21.7%

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ROBERTS COUNTY COOP	C	7,768,831	6,090,392	-1,678,439	-21.6%
SOUTHERN MONTANA TEL	C	3,809,763	2,988,181	-821,582	-21.6%
DUCOR TELEPHONE CO	C	2,960,013	2,323,170	-636,843	-21.5%
ARMSTRONG TEL OF MD	C	22,285,682	17,570,893	-4,714,789	-21.2%
NEMONT TEL COOP - ND	C	30,621,784	24,255,209	-6,366,575	-20.8%
STEELVILLE TEL EXCH	C	10,916,629	8,655,271	-2,261,358	-20.7%
XIT RURAL TEL CO-OP	C	4,475,695	3,552,485	-923,210	-20.6%
TRI-COUNTY TEL ASSN	C	9,200,246	7,312,532	-1,887,714	-20.5%
ONTONAGON COUNTY TEL	C	12,233,361	9,755,125	-2,478,236	-20.3%
TWIN LAKES TEL COOP	C	94,361,175	75,390,266	-18,970,909	-20.1%
DARIEN TEL CO	C	13,890,873	11,108,734	-2,782,139	-20.0%
RICHMOND TEL CO	C	2,660,894	2,129,492	-531,402	-20.0%
POTTAWATOMIE TEL CO	C	6,574,811	5,276,768	-1,298,043	-19.7%
PEOPLES TEL CO	C	12,231,126	9,816,753	-2,414,373	-19.7%
RESERVATION TEL COOP	C	25,258,571	20,277,906	-4,980,665	-19.7%
PERKINSVILLE TEL CO	C	3,870,459	3,117,479	-752,980	-19.5%
CONSOLIDATED TELCOM	C	26,658,341	21,506,355	-5,151,986	-19.3%
FRANKLIN TEL CO - MS	C	26,656,956	21,593,546	-5,063,410	-19.0%
PARTNER COMM. COOP.	C	4,105,445	3,326,456	-778,989	-19.0%
CORDOVA TEL COOP	C	8,580,976	6,961,689	-1,619,287	-18.9%
SUNMAN TELECOMM CORP	C	21,684,789	17,646,758	-4,038,031	-18.6%
NEW CASTLE TEL. CO.	C	5,158,844	4,200,450	-958,394	-18.6%
CENTRAL STATE TEL CO	C	19,907,369	16,210,568	-3,696,801	-18.6%
RINGGOLD TEL CO	C	31,526,460	25,672,438	-5,854,022	-18.6%
NORTHERN TEL COOP	C	5,561,931	4,529,258	-1,032,673	-18.6%
DUBOIS TEL EXCHANGE	C	10,620,070	8,679,141	-1,940,929	-18.3%
ALMA COMM. CO.	C	936,651	766,933	-169,718	-18.1%
PROJECT MUTUAL TEL	C	18,642,354	15,266,638	-3,375,716	-18.1%
CENTRAL OKLAHOMA TEL	C	6,205,162	5,081,633	-1,123,529	-18.1%
ATLANTIC MEMBERSHIP	C	114,516,670	94,023,917	-20,492,753	-17.9%
BUTLER TEL CO	C	32,125,116	26,401,557	-5,723,559	-17.8%
MERRIMACK COUNTY TEL	C	23,736,761	19,537,092	-4,199,669	-17.7%
EASTON TEL CO	C	1,888,561	1,556,120	-332,441	-17.6%
RANGE TEL COOP-MT	C	17,568,077	14,586,093	-2,981,984	-17.0%
COMM CORP OF INDIANA	C	23,958,164	19,906,410	-4,051,754	-16.9%
VERMONT TEL. CO-VT	C	74,698,273	62,102,641	-12,595,632	-16.9%
SHIAWASSEE TEL CO	C	9,430,549	7,862,384	-1,568,165	-16.6%
NELSON TEL COOP	C	9,406,704	7,859,014	-1,547,690	-16.5%
SE INDIANA RURAL	C	15,771,257	13,184,981	-2,586,276	-16.4%
ETEX TEL COOP INC	C	26,391,701	22,087,937	-4,303,764	-16.3%
MIDWAY TEL CO	C	2,674,205	2,240,763	-433,442	-16.2%
ASOTIN TEL - OR	C	724,955	608,215	-116,740	-16.1%
HARRISONVILLE TEL CO	C	52,497,586	44,064,160	-8,433,426	-16.1%
DELL TEL. CO-OP - TX	C	2,200,313	1,850,173	-350,140	-15.9%
HOME TEL CO-ST JACOB	C	2,175,842	1,831,200	-344,642	-15.8%
HARDY TELECOM	C	13,522,060	11,394,150	-2,127,910	-15.7%
ENMR TEL COOP-TX	C	2,180,415	1,837,958	-342,457	-15.7%
HOME TEL CO	C	56,298,399	47,487,932	-8,810,467	-15.6%
SENECA TEL CO	C	11,259,663	9,542,162	-1,717,501	-15.3%
NUSHAGAK ELEC & TEL	C	7,596,425	6,440,378	-1,156,047	-15.2%
MAHANAY & MAHANTANGO	C	5,594,384	4,747,510	-846,874	-15.1%
BLUFFTON TEL. CO.	C	103,247,909	87,841,413	-15,406,496	-14.9%
MID-MISSOURI TEL CO	C	7,831,435	6,664,452	-1,166,983	-14.9%
CLEVELAND COUNTY TEL	C	5,523,466	4,703,506	-819,960	-14.8%
SCOTT COUNTY TEL CO	C	659,583	564,073	-95,510	-14.5%
AMELIA TEL CORP	C	13,975,600	11,957,317	-2,018,283	-14.4%
DELL TEL CO-OP - NM	C	1,749,649	1,500,903	-248,746	-14.2%
ARVIG TEL CO	C	22,547,869	19,375,623	-3,172,246	-14.1%

**MOU DATA NECA TIER 2 COST COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
DELTA TEL CO	C	15,249,646	13,176,252	-2,073,394	-13.6%
INLAND TEL-ID	C	1,689,890	1,460,414	-229,476	-13.6%
TOPSHAM TEL CO	C	7,568,826	6,555,600	-1,013,226	-13.4%
W. WISCONSIN TELCOM	C	18,835,049	16,471,705	-2,363,344	-12.5%
KNOLOGY TOTAL COMM	C	13,718,899	12,084,407	-1,634,492	-11.9%
CONTINENTAL OF OHIO	C	4,298,620	3,787,385	-511,235	-11.9%
CARR TEL CO	C	3,384,658	3,011,093	-373,565	-11.0%
BRUCE TEL CO - MS	C	8,626,141	7,695,030	-931,111	-10.8%
SUGAR VALLEY TEL CO	C	2,190,299	1,955,030	-235,269	-10.7%
FOOTHILLS RURAL COOP	C	48,874,334	43,685,332	-5,189,002	-10.6%
GRAFTON TEL CO	C	2,524,926	2,275,395	-249,531	-9.9%
NEMONT TEL COOP-MT	C	39,841,324	35,926,284	-3,915,040	-9.8%
BEK COMM. COOP.	C	17,078,027	15,572,894	-1,505,133	-8.8%
LESLIE COUNTY TEL CO	C	20,681,519	18,980,674	-1,700,845	-8.2%
ARMSTRONG TEL CO-PA	C	3,905,453	3,605,489	-299,964	-7.7%
SOUTH CENTRAL RURAL	C	75,713,949	70,071,298	-5,642,651	-7.5%
HOT SPRINGS TEL CO	C	3,111,087	2,890,561	-220,526	-7.1%
EAST BUCHANAN COOP	C	1,812,690	1,684,969	-127,721	-7.0%
FORT MILL TEL CO	C	133,188,432	124,374,338	-8,814,094	-6.6%
WEST CAROLINA RURAL	C	32,340,506	30,236,646	-2,103,860	-6.5%
MONTROSE MUTUAL TEL	C	2,285,081	2,148,297	-136,784	-6.0%
CHEQUAMEGON COM COOP	C	30,004,372	28,226,466	-1,777,906	-5.9%
RICHLAND-GRANT COOP	C	8,007,779	7,548,291	-459,488	-5.7%
SOUTHERN KANSAS TEL	C	30,486,716	28,787,147	-1,699,569	-5.6%
GORHAM TEL CO	C	935,813	915,138	-20,675	-2.2%
KINGDOM TELEPHONE CO	C	11,463,209	11,261,730	-201,479	-1.8%
AMERICAN SAMOA	C	19,130,814	18,794,840	-335,974	-1.8%
ARMSTRONG OF WV	C	8,505,541	8,390,898	-114,643	-1.3%
SPRUCE KNOB SENECA	C	3,503,153	3,468,458	-34,695	-1.0%
ETS TEL. CO., INC.	C	29,540,831	29,463,054	-77,777	-0.3%
SMART CITY TEL LLC	C	133,393,679	135,446,519	2,052,840	1.5%
BETTLES TEL CO INC	C	370,801	376,677	5,876	1.6%
BLANCA TEL CO	C	6,864,156	7,007,753	143,597	2.1%
BRISTOL BAY TEL COOP	C	5,219,717	5,387,794	168,077	3.2%
SUMMIT TEL & TEL -AK	C	724,677	753,481	28,804	4.0%
MESCALERO APACHE	C	1,714,348	1,808,659	94,311	5.5%
INLAND TEL CO -WA	C	7,350,198	7,790,535	440,337	6.0%
WOODSTOCK TEL CO	C	1,988,558	2,157,883	169,325	8.5%
TWIN VALLEY TEL INC	C	10,552,057	11,820,568	1,268,511	12.0%
KAPLAN TEL CO	C	6,246,924	7,035,914	788,990	12.6%
COCHRANE COOP TEL CO	C	3,463,161	3,917,162	454,001	13.1%
ARMSTRONG TEL. CO.	C	11,965,614	13,626,939	1,661,325	13.9%
SANDWICH ISLES COMM.	C	2,100,752	2,405,931	305,179	14.5%
WARWICK VALLEY-NY	C	21,900,901	27,282,178	5,381,277	24.6%
KERMAN TEL-SEBASTIAN	C	5,444,211	6,983,556	1,539,345	28.3%
WARWICK VALLEY-NJ	C	9,927,532	14,302,964	4,375,432	44.1%
NORTHWESTERN INDIANA	C	49,398,394	86,174,054	36,775,660	74.4%
SADDLEBACK COMM CO	C	9,457,358	18,715,949	9,258,591	97.9%
ACCIPITER DBA ZONA	C	396,442	865,725	469,283	118.4%
BEAVER CREEK TIMBR LN	C	10,752	30,815	20,063	186.6%
SKYLINE TELECOM, INC	C	60,112	567,308	507,196	843.8%
SACRED WIND	C	223,696	2,999,402	2,775,706	1240.8%
ALLBAND COMM COOP	C	1,077	297,586	296,509	27531.0%
CENTURYTEL-MW-WI	C	2,022,206	N/A	N/A	N/A
CENTURYTEL-FAIRWATER	C	2,139,742	N/A	N/A	N/A
CENTURYTEL-GEM ST-NV	C	2,266,562	N/A	N/A	N/A
CENTURYTEL-FORESTVIL	C	3,559,407	N/A	N/A	N/A
CENTURYTEL OF ODON	C	3,716,555	N/A	N/A	N/A

**MOU DATA NECA TIER 2 COST COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
WINDSTREAM RED JACKT	C	3,858,726	N/A	N/A	N/A
CENTURYTEL-REDFIELD	C	4,002,160	N/A	N/A	N/A
CENTURYTEL LARSEN	C	4,580,537	N/A	N/A	N/A
CENTURYTEL-COWICHE	C	4,959,015	N/A	N/A	N/A
CENTURYTEL-CHATHAM	C	4,991,913	N/A	N/A	N/A
CENTURY-NORTHN MICH.	C	5,707,268	N/A	N/A	N/A
CENTURYTEL-RINGGOLD	C	5,798,496	N/A	N/A	N/A
CENTURYTEL-MW-WI	C	5,817,413	N/A	N/A	N/A
CENTURY-GEM STATE-ID	C	6,171,975	N/A	N/A	N/A
CENTURYTEL-PORT ARAN	C	6,803,619	N/A	N/A	N/A
CENTURYTEL-CENTR IN	C	7,001,537	N/A	N/A	N/A
CENTURYTEL-SOUTH AR	C	8,404,767	N/A	N/A	N/A
CENTURYTEL - EAST LA	C	8,477,810	N/A	N/A	N/A
CENTURYTEL-SO WI	C	12,567,852	N/A	N/A	N/A
CENTURYTEL-SW LA	C	15,720,275	N/A	N/A	N/A
CENTURYTEL OF IDAHO	C	16,081,889	N/A	N/A	N/A
CENTURYTEL SW-NM	C	19,066,371	N/A	N/A	N/A
CENTURYTEL-MW-WI	C	19,517,758	N/A	N/A	N/A
CENTURYTEL-ADAMSVILL	C	20,771,716	N/A	N/A	N/A
CENTURYTEL-UPPER MI	C	21,557,418	N/A	N/A	N/A
CENTURYTEL-SE LA	C	22,012,617	N/A	N/A	N/A
CENTURY NORTH LA	C	23,338,674	N/A	N/A	N/A
ACS-AK GREATLAND	C	25,226,155	N/A	N/A	N/A
CENTURYTEL OF WY.	C	25,355,784	N/A	N/A	N/A
CENTURYTEL-OOLTEWAH	C	28,231,372	N/A	N/A	N/A
CENTURYTEL-LK DALLAS	C	30,144,890	N/A	N/A	N/A
WINDSTREAM MS	C	31,638,227	N/A	N/A	N/A
CENTURY-CLAIBORNE	C	32,254,788	N/A	N/A	N/A
CZN-CA FRONTIER-GVN	C	33,170,423	N/A	N/A	N/A
CENTURYTEL-NW LA	C	33,265,573	N/A	N/A	N/A
CENTURYTEL-NORTH WI	C	33,736,370	N/A	N/A	N/A
CENTURYTEL-COLORADO	C	39,453,807	N/A	N/A	N/A
CENTURYTEL MONROE	C	39,876,180	N/A	N/A	N/A
MEBTTEL, INC.	C	41,603,984	N/A	N/A	N/A
WINDSTREAM OK	C	42,048,772	N/A	N/A	N/A
CENTURYTEL-SAN MARCO	C	46,754,160	N/A	N/A	N/A
WINDSTREAM KERRVILLE	C	48,197,498	N/A	N/A	N/A
WINDSTREAM KY WEST	C	49,527,005	N/A	N/A	N/A
ACS-N SITKA	C	52,330,941	N/A	N/A	N/A
ACS-AK JUNEAU	C	53,053,141	N/A	N/A	N/A
TEXAS WINDSTREAM	C	53,481,311	N/A	N/A	N/A
CENTURYTEL-CENTR LA	C	53,961,255	N/A	N/A	N/A
CENTURYTEL MW-MI	C	54,843,383	N/A	N/A	N/A
CENTURYTEL- ARKANSAS	C	61,336,925	N/A	N/A	N/A
OKLAHOMA WINDSTREAM	C	62,819,158	N/A	N/A	N/A
CENTURYTEL-MINNESOTA	C	64,774,965	N/A	N/A	N/A
CENTURYTEL-MW-WI	C	65,488,162	N/A	N/A	N/A
CENTURYTEL-NW WI	C	68,471,495	N/A	N/A	N/A
CENTURYTEL NW-AR-SIL	C	68,948,968	N/A	N/A	N/A
CENTURYTEL-EVANGELIN	C	74,093,036	N/A	N/A	N/A
WINDSTREAM NY-FULTON	C	78,321,233	N/A	N/A	N/A
WINDSTREAM AL	C	78,396,040	N/A	N/A	N/A
CENTURYTEL-MTN HOME	C	83,180,615	N/A	N/A	N/A
CONSOLIDATED - N. MISS	C	83,568,677	N/A	N/A	N/A
CONSOLIDATED FT BEND	C	87,139,602	N/A	N/A	N/A
ACS-FAIRBANKS, INC.	C	93,723,410	N/A	N/A	N/A
WINDSTREAM-JAMESTOWN	C	107,862,520	N/A	N/A	N/A
CENTURYTEL MICHIGAN	C	116,445,785	N/A	N/A	N/A



**MOU DATA NECA TIER 2 COST COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
CENTURYTEL-CENTRL WI	C	134,402,645	N/A	N/A	N/A
GALLATIN RIVER COMM.	C	143,802,967	N/A	N/A	N/A
TELEPHONE USA OF WI	C	148,282,315	N/A	N/A	N/A
CENTURYTEL-WISCONSIN	C	148,492,320	N/A	N/A	N/A
CENTURYTEL-MW-WI/NW	C	165,497,836	N/A	N/A	N/A
IL CONSOLIDATED TEL	C	170,012,098	N/A	N/A	N/A
CENTURYTEL OF OHIO	C	174,327,141	N/A	N/A	N/A
WINDSTREAM SC	C	179,232,031	N/A	N/A	N/A
ACS-N GLACIER STATE	C	180,684,386	N/A	N/A	N/A
GULF TEL CO - AL	C	183,282,618	N/A	N/A	N/A
WINDSTREAM GA	C	184,438,857	N/A	N/A	N/A
WINDSTREAM SUGARLAND	C	190,022,880	N/A	N/A	N/A
CENTURYTEL-MW-KENDAL	C	195,907,156	N/A	N/A	N/A
COASTAL UTILITIES	C	199,066,056	N/A	N/A	N/A
WINDSTREAM STANDARD	C	206,323,574	N/A	N/A	N/A
CENTURYTEL-OREGON	C	208,575,335	N/A	N/A	N/A
WINDSTREAM MO	C	209,774,984	N/A	N/A	N/A
CENTURYTEL-MONTANA	C	216,763,973	N/A	N/A	N/A
CONSOLIDATED COMM-TX	C	229,155,364	N/A	N/A	N/A
CENTURYTEL-CENTRAL A	C	236,710,799	N/A	N/A	N/A
WINDSTREAM CONCORD	C	250,796,641	N/A	N/A	N/A
CENTURYTEL OF EAGLE	C	252,037,196	N/A	N/A	N/A
WINDSTREAM FL	C	254,920,650	N/A	N/A	N/A
WINDSTREAM OH	C	260,532,189	N/A	N/A	N/A
CENTURYTEL NW-AR-RUS	C	290,616,436	N/A	N/A	N/A
SPECTRA COMM. GROUP	C	307,033,033	N/A	N/A	N/A
ACS OF ANCHORAGE	C	341,119,256	N/A	N/A	N/A
WINDSTREAM AR	C	342,395,097	N/A	N/A	N/A
CENTURYTEL-WASHINGTO	C	432,102,639	N/A	N/A	N/A
WINDSTREAM PA	C	495,567,196	N/A	N/A	N/A
WINDSTREAM W-RESERVE	C	511,971,936	N/A	N/A	N/A
WINDSTREAM NC	C	742,318,322	N/A	N/A	N/A
WESTGATE dba WEAVTEL	C	N/A	13,843	N/A	N/A
COLUMBUS TELEPHONE	C	N/A	2,281,383	N/A	N/A
GREAT PLAINS COMMUN	C	N/A	N/A	N/A	N/A
<b>Totals</b>		<b>24,969,708,191</b>	<b>8,640,853,904</b>		
<b>Total Non-NECA Tier 2 Excluding Carriers not in Tier in 2006 or 2010</b>		<b>14,479,902,377</b>	<b>8,638,558,678</b>	<b>-5,841,343,699</b>	<b>-40.3%</b>
<b>Average MOU Loss for Carriers Analyzed</b>					<b>3.5%</b>
<b>Median MOU Loss for Carriers Analyzed</b>					<b>-37.3%</b>

**MOU DATA NECA AVERAGE SCHEDULE COMPANIES 2006 - 2010**

<b>SAR-ABBR</b>	<b>TIER</b>	<b>MOU 2006</b>	<b>MOU 2010</b>	<b>Change MOUs 2006-2010</b>	<b>% Change MOUs 2006-2010</b>
REASNOR TEL. CO.	A	105,593,971	194,838	-105,399,133	-99.8%
DIXON TEL CO	A	211,588,343	490,746	-211,097,597	-99.8%
FARMERS & MERCHANTS	A	215,107,474	950,660	-214,156,814	-99.6%
SUPERIOR TEL COOP	A	58,321,503	299,734	-58,021,769	-99.5%
FARMERS TEL CO -RICE	A	201,674,886	1,957,353	-199,717,533	-99.0%
SEARSBORO TEL CO	A	54,264,200	560,630	-53,703,570	-99.0%
VIRGINIA TEL CO	A	34,866,235	4,891,105	-29,975,130	-86.0%
CENTURYTEL-POSTVILLE	A	21,355,485	5,184,248	-16,171,237	-75.7%
CASEY MUTUAL TEL CO	A	1,269,460	362,341	-907,119	-71.5%
DIXVILLE TEL CO	A	773,961	224,702	-549,259	-71.0%
MARSEILLES TEL CO	A	11,372,709	3,698,880	-7,673,829	-67.5%
SHENANDOAH - NR	A	2,470,113	846,315	-1,623,798	-65.7%
GENESEO TEL CO	A	26,011,451	9,382,995	-16,628,456	-63.9%
BERGEN TEL CO	A	910,910	332,856	-578,054	-63.5%
WILLARD TEL CO	A	198,483	73,879	-124,604	-62.8%
HENRY COUNTY TEL CO	A	2,729,194	1,022,833	-1,706,361	-62.5%
CAMBRIDGE TEL CO -IL	A	4,024,960	1,528,167	-2,496,793	-62.0%
MCDANIEL TEL CO	A	20,927,010	8,203,901	-12,723,109	-60.8%
WESTPHALIA TEL CO	A	2,857,254	1,141,149	-1,716,105	-60.1%
LA MOTTE TEL CO	A	1,571,762	628,686	-943,076	-60.0%
SWEETSER RURAL TEL	A	3,192,357	1,279,982	-1,912,375	-59.9%
CASSADAGA TEL CORP	A	2,602,518	1,059,728	-1,542,790	-59.3%
WOLVERTON TEL CO	A	403,352	164,633	-238,719	-59.2%
REYNOLDS TEL CO, INC	A	1,175,182	488,646	-686,536	-58.4%
LA PORTE CITY TEL CO	A	3,251,260	1,355,337	-1,895,923	-58.3%
VIOLA HOME TEL CO	A	1,803,646	755,306	-1,048,340	-58.1%
CITIZENS TEL CORP	A	6,687,078	2,805,594	-3,881,484	-58.0%
FARMERS TEL CO - BAT	A	808,969	340,682	-468,287	-57.9%
FORT JENNINGS TEL CO	A	1,170,130	501,697	-668,433	-57.1%
UPSALA COOP TEL ASSN	A	1,981,776	849,696	-1,132,080	-57.1%
CITIZENS TEL COOP	A	31,959,326	13,739,410	-18,219,916	-57.0%
PYMATUNING IND TEL	A	6,123,598	2,651,532	-3,472,066	-56.7%
VAUGHNSVILLE TEL CO	A	533,597	232,261	-301,336	-56.5%
TONICA TEL CO	A	1,182,762	518,399	-664,363	-56.2%
BALDWIN-NASHVILLE	A	744,783	326,663	-418,120	-56.1%
MINERVA VALLEY TEL	A	1,791,058	791,531	-999,527	-55.8%
WOLVERTON TEL CO	A	763,175	337,471	-425,704	-55.8%
PATTERSONVILLE TEL	A	1,288,693	575,686	-713,007	-55.3%
MILES COOP TEL ASSN	A	1,490,850	670,667	-820,183	-55.0%
HAMILTON TEL CO	A	27,437,799	12,347,057	-15,090,742	-55.0%
PARK REGION MUTUAL	A	12,174,969	5,545,200	-6,629,769	-54.5%
CUMBERLAND TEL CO	A	750,920	342,429	-408,491	-54.4%
FARMERS TEL CO-ESSEX	A	1,637,784	747,758	-890,026	-54.3%
DELCAMBRE TEL CO	A	2,143,925	979,853	-1,164,072	-54.3%
MODERN COOP TEL CO	A	1,576,964	722,516	-854,448	-54.2%
CALLAWAY TEL CO	A	969,174	444,886	-524,288	-54.1%
GOLDEN WEST-UNION	A	3,238,184	1,493,596	-1,744,588	-53.9%
PRAIRIEBURG TEL CO	A	419,290	194,216	-225,074	-53.7%
VALLEY TEL CO - MN	A	5,889,960	2,732,765	-3,157,195	-53.6%
COBBOSSEECONTEE TEL	A	2,064,696	957,999	-1,106,697	-53.6%
OLIN TEL CO, INC	A	1,359,824	630,992	-728,832	-53.6%
GOLDEN WEST-SIOUX VY	A	11,237,921	5,230,750	-6,007,171	-53.5%
SWAYZEE TEL CO	A	1,902,587	894,450	-1,008,137	-53.0%
SMITHVILLE TEL CO	A	1,935,175	910,520	-1,024,655	-52.9%
DANVILLE MUTUAL TEL	A	2,062,011	974,859	-1,087,152	-52.7%
DUNKERTON TEL COOP	A	1,481,618	701,369	-780,249	-52.7%
ST PAUL COOP ASSN	A	1,398,184	662,313	-735,871	-52.6%
HUTCHINSON TEL CO	A	21,207,149	10,123,830	-11,083,319	-52.3%

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ORAN MUTUAL TEL CO	A	451,748	217,047	-234,701	-52.0%
PALMER MUTUAL TEL CO	A	716,158	344,309	-371,849	-51.9%
N.ST. dba N. ST.COMM	A	378,986,562	183,274,081	-195,712,481	-51.6%
SHARON TEL CO	A	4,583,271	2,216,955	-2,366,316	-51.6%
MIDDLE POINT HOME	A	1,297,180	628,651	-668,529	-51.5%
PEACE VALLEY TEL CO	A	1,747,455	848,629	-898,826	-51.4%
WESTSIDE INDEPENDENT	A	720,602	350,894	-369,708	-51.3%
CITIZENS - KECKSBURG	A	11,214,754	5,487,875	-5,726,879	-51.1%
BURLINGTON B&W	A	10,869,688	5,331,646	-5,538,042	-50.9%
MT. ANGEL TEL CO.	A	4,673,913	2,296,578	-2,377,335	-50.9%
MINBURN TEL CO	A	825,538	405,730	-419,808	-50.9%
CROSSVILLE TEL CO	A	1,635,553	804,096	-831,457	-50.8%
BUTLER-BREMER MUTUAL	A	4,424,304	2,186,395	-2,237,909	-50.6%
CENTER JUNCTION TEL	A	207,396	102,652	-104,744	-50.5%
WEST KY COOP-TN	A	5,028,410	2,491,524	-2,536,886	-50.5%
TEMPLETON TEL CO	A	822,296	408,877	-413,419	-50.3%
ARCADIA TEL CO	A	714,301	356,945	-357,356	-50.0%
ANDREW TEL CO INC	A	598,473	299,348	-299,125	-50.0%
NORTHWEST IOWA TEL	A	12,324,255	6,175,278	-6,148,977	-49.9%
BENTON RIDGE TEL CO	A	2,701,554	1,354,249	-1,347,305	-49.9%
BARNES CITY COOP	A	324,771	162,878	-161,893	-49.8%
VILLISCA FARMERS TEL	A	2,884,692	1,453,519	-1,431,173	-49.6%
CHOCTAW TELEPHONE CO	A	1,430,857	722,464	-708,393	-49.5%
BUCKLAND TEL. CO.	A	1,596,136	806,479	-789,657	-49.5%
CONSOLIDATED TEL CO	A	15,069,887	7,645,126	-7,424,761	-49.3%
HAMILTON COUNTY TEL	A	4,533,561	2,302,038	-2,231,523	-49.2%
HUBBARD COOP ASSN	A	1,623,366	827,178	-796,188	-49.0%
METAMORA TEL CO	A	8,719,570	4,457,952	-4,261,618	-48.9%
MARTELLE COOP ASSN	A	514,197	264,620	-249,577	-48.5%
JAMES VALLEY COOP	A	12,761,598	6,567,491	-6,194,107	-48.5%
MUD LAKE TEL COOP	A	5,944,515	3,080,939	-2,863,576	-48.2%
SURRY MEMBERSHIP	A	6,687,514	3,477,319	-3,210,195	-48.0%
NORTH TEXAS TEL. CO.	A	1,316,453	685,509	-630,944	-47.9%
GOLDEN WEST-ARMOUR	A	4,273,452	2,227,814	-2,045,638	-47.9%
SACO RIVER TEL & TEL	A	24,506,020	12,792,144	-11,713,876	-47.8%
VALLEY TEL CO, LLC	A	11,918,780	6,230,142	-5,688,638	-47.7%
SOUTHWEST TEL EXCH	A	2,206,022	1,155,085	-1,050,937	-47.6%
CITY OF FAITH MUNIC	A	869,018	455,639	-413,379	-47.6%
PENNSYLVANIA TEL CO	A	3,453,327	1,828,036	-1,625,291	-47.1%
ROTHSAY TEL CO, INC	A	1,051,162	556,908	-494,254	-47.0%
DUNNELL TEL CO	A	946,589	501,632	-444,957	-47.0%
FARMERS MUTUAL COOP	A	6,595,248	3,497,809	-3,097,439	-47.0%
TELEPHONE SERVICE	A	16,559,261	8,820,451	-7,738,810	-46.7%
COMMUNITY SERVICE	A	27,005,276	14,420,933	-12,584,343	-46.6%
RUTHVEN TEL EXCHANGE	A	1,683,297	900,894	-782,403	-46.5%
RINGSTED TEL CO	A	880,331	472,575	-407,756	-46.3%
FRONTIER OF INDIANA	A	4,130,518	2,218,060	-1,912,458	-46.3%
MUTUAL TEL CO	A	1,251,315	674,651	-576,664	-46.1%
MYRTLE TEL CO	A	1,885,668	1,018,805	-866,863	-46.0%
MIDWEST TEL CO	A	5,804,462	3,136,403	-2,668,059	-46.0%
KINSMAN MUTUAL TEL	A	218,640	118,297	-100,343	-45.9%
GRAND MOUND COOP TEL	A	1,264,253	684,976	-579,277	-45.8%
GRANDVIEW MUTUAL TEL	A	162,840	88,595	-74,245	-45.6%
FARMERS MUTUAL COOP	A	4,165,523	2,274,698	-1,890,825	-45.4%
COLUMBUS GROVE TEL	A	2,804,618	1,537,635	-1,266,983	-45.2%
S & W TEL CO	A	620,381	340,262	-280,119	-45.2%
NORTHEAST IOWA TEL	A	4,706,344	2,590,230	-2,116,114	-45.0%
FENTON CO-OP TEL CO	A	759,078	419,429	-339,649	-44.7%

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ZUMBROTA TEL CO	A	4,159,360	2,299,490	-1,859,870	-44.7%
CONSOLIDATED TELCO	A	5,641,938	3,129,353	-2,512,585	-44.5%
SERVICE TEL CO	A	4,171,655	2,316,683	-1,854,972	-44.5%
COON VALLEY COOP TEL	A	1,102,022	612,406	-489,616	-44.4%
F&B COMMUNICATIONS	A	2,568,180	1,429,032	-1,139,148	-44.4%
SKYLINE TELECOM	A	9,305,523	5,183,258	-4,122,265	-44.3%
HUXLEY COMM. COOP.	A	4,444,341	2,477,596	-1,966,745	-44.3%
SPRINGVILLE COOP TEL	A	1,972,240	1,100,712	-871,528	-44.2%
NEW WINDSOR TEL CO	A	1,503,891	841,215	-662,676	-44.1%
PRAIRIE TEL CO	A	2,784,440	1,558,991	-1,225,449	-44.0%
MAGAZINE TEL CO	A	2,354,396	1,319,506	-1,034,890	-44.0%
LEHIGH VALLEY COOP	A	3,143,261	1,762,566	-1,380,695	-43.9%
BROOKLYN MUTUAL TEL	A	2,402,125	1,356,791	-1,045,334	-43.5%
WINDSTREAM MONTEZUMA	A	3,722,145	2,116,923	-1,605,222	-43.1%
NEW HOPE TEL COOP	A	1,975,798	1,125,092	-850,706	-43.1%
NORTH ENGLISH COOP	A	1,293,659	738,285	-555,374	-42.9%
ROCKWELL COOP ASSN	A	2,101,249	1,199,272	-901,977	-42.9%
MASSENA TEL CO	A	1,493,514	853,471	-640,043	-42.9%
ALLIANCE-BALTIC	A	8,697,891	4,970,932	-3,726,959	-42.8%
FARMERS MUTUAL JESUP	A	3,677,377	2,106,370	-1,571,007	-42.7%
CORN BELT TEL CO	A	1,914,025	1,096,491	-817,534	-42.7%
DUMONT TEL CO	A	2,472,691	1,417,708	-1,054,983	-42.7%
OTELCO TELEPHONE LLC	A	23,294,781	13,364,227	-9,930,554	-42.6%
SHARON TEL CO	A	2,438,641	1,399,589	-1,039,052	-42.6%
RUNESTONE TEL ASSN	A	1,658,927	952,198	-706,729	-42.6%
MANCHESTER-HARTLAND	A	1,160,274	666,031	-494,243	-42.6%
FRONTIER-DEPUE	A	1,460,587	840,427	-620,160	-42.5%
TITONKA TEL CO	A	1,168,691	673,711	-494,980	-42.4%
STARBUCK TEL CO	A	2,983,649	1,720,557	-1,263,092	-42.3%
MEDIAPOLIS TEL CO	A	5,192,697	2,994,925	-2,197,772	-42.3%
WINSTED TEL CO	A	3,507,123	2,023,693	-1,483,430	-42.3%
FARMERS COOP TEL CO	A	2,497,937	1,441,615	-1,056,322	-42.3%
COOPERATIVE TEL CO	A	2,483,998	1,437,591	-1,046,407	-42.1%
E RITTER TEL CO	A	11,925,112	6,904,260	-5,020,852	-42.1%
CENTRAL SCOTT TEL CO	A	14,671,652	8,502,084	-6,169,568	-42.1%
AMERY TELCOM, INC.	A	19,795,903	11,491,318	-8,304,585	-42.0%
FARMERS (MANILLA)	A	1,345,843	781,569	-564,274	-41.9%
VENTURA TEL CO, INC	A	837,385	486,630	-350,755	-41.9%
FARBER TEL CO	A	377,112	219,680	-157,432	-41.7%
NORTHERN IOWA TEL CO	A	5,490,508	3,201,403	-2,289,105	-41.7%
MINFORD TEL CO	A	10,053,809	5,863,339	-4,190,470	-41.7%
HOSPERS TEL EXCH INC	A	1,582,267	923,702	-658,565	-41.6%
THE BURT TEL CO	A	922,625	538,829	-383,796	-41.6%
CASCADE COMM. CO.	A	3,263,803	1,906,195	-1,357,608	-41.6%
PANORA COMM COOP	A	5,494,102	3,215,468	-2,278,634	-41.5%
ADAMS TEL COOP	A	8,229,901	4,831,976	-3,397,925	-41.3%
BRINDLEE MOUNTAIN	A	36,368,068	21,396,125	-14,971,943	-41.2%
LORETEL SYSTEMS, INC	A	28,532,605	16,804,817	-11,727,788	-41.1%
BREDA TEL CORP.	A	2,412,055	1,421,615	-990,440	-41.1%
HOME TEL CO - MN	A	4,341,684	2,559,822	-1,781,862	-41.0%
YEOMAN TEL CO, INC	A	1,917,181	1,133,127	-784,054	-40.9%
LIVINGSTON TEL CO	A	17,622,514	10,424,123	-7,198,391	-40.8%
VAN BUREN TEL CO	A	6,162,447	3,648,188	-2,514,259	-40.8%
MECHANICSVILLE TEL	A	1,401,606	832,731	-568,875	-40.6%
SOMERSET TEL CO	A	11,170,342	6,652,161	-4,518,181	-40.4%
RUNESTONE TEL ASSN	A	7,610,221	4,537,212	-3,073,009	-40.4%
HILLS TEL CO, INC-IA	A	9,559,931	5,703,210	-3,856,721	-40.3%
ELLERBE TEL CO	A	5,259,884	3,147,989	-2,111,895	-40.2%



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DECATUR TEL CO -MS	A	3,720,340	2,226,985	-1,493,355	-40.1%
CRAIGVILLE TEL CO	A	2,066,758	1,237,734	-829,024	-40.1%
ALBANY MUTUAL ASSN	A	5,518,522	3,306,590	-2,211,932	-40.1%
THE NEW KNOXVILLE	A	2,134,232	1,279,160	-855,072	-40.1%
TRIOTEL COMM(TRI-C)	A	1,174,520	704,223	-470,297	-40.0%
PINE TREE TEL & TEL	A	14,069,753	8,436,468	-5,633,285	-40.0%
GLANDORF TEL CO	A	1,312,160	787,310	-524,850	-40.0%
PINEVILLE TEL CO	A	5,385,225	3,232,338	-2,152,887	-40.0%
KEYSTONE FRMS COOP	A	1,552,051	932,566	-619,485	-39.9%
SCOTT RICE -INTEGRA	A	42,464,246	25,601,498	-16,862,748	-39.7%
CROSSLAKE TEL CO	A	3,905,639	2,360,415	-1,545,224	-39.6%
SOUTH CANAAN TEL CO	A	7,375,462	4,458,051	-2,917,411	-39.6%
VANLUE TEL CO	A	1,246,659	754,954	-491,705	-39.4%
CUBA CITY EXCHANGE	A	4,373,816	2,648,947	-1,724,869	-39.4%
C-M-L TEL COOP ASSN	A	1,578,660	957,575	-621,085	-39.3%
SANDHILL TEL COOP	A	54,585,624	33,118,387	-21,467,237	-39.3%
WILTON TEL CO	A	2,949,415	1,790,081	-1,159,334	-39.3%
STONEHAM COOP TEL CO	A	188,069	114,387	-73,682	-39.2%
MANAWA TEL CO	A	4,507,652	2,743,182	-1,764,470	-39.1%
SAC COUNTY MUTUAL	A	2,412,378	1,468,885	-943,493	-39.1%
PIERCE TEL CO	A	3,379,901	2,059,731	-1,320,170	-39.1%
FARMERS (DEFIANCE)	A	689,938	420,816	-269,122	-39.0%
SACRED HEART TEL CO	A	857,809	523,510	-334,299	-39.0%
GARDONVILLE COOP TEL	A	4,873,707	2,975,506	-1,898,201	-38.9%
HOME CO OF PITTSBORO	A	6,007,729	3,668,791	-2,338,938	-38.9%
WIKSTROM TEL CO, INC	A	14,539,132	8,881,618	-5,657,514	-38.9%
COON CREEK TEL CO	A	1,117,304	682,693	-434,611	-38.9%
HAWKEYE TEL CO	A	834,070	509,742	-324,328	-38.9%
PEOPLES TEL CO - IA	A	2,128,864	1,303,086	-825,778	-38.8%
EASTCOAST TELECOM	A	9,704,726	5,945,975	-3,758,751	-38.7%
CANNON VLY TELECOM	A	4,075,804	2,502,018	-1,573,786	-38.6%
SCRANTON TEL CO	A	1,514,159	931,640	-582,519	-38.5%
STATE TEL CO	A	19,597,452	12,061,274	-7,536,178	-38.5%
JEFFERSON TEL CO -IA	A	6,121,298	3,770,690	-2,350,608	-38.4%
ARCADIA TEL CO	A	1,279,081	787,993	-491,088	-38.4%
COMM CORP OF S. IN	A	3,397,117	2,092,896	-1,304,221	-38.4%
RIDGEVILLE TEL CO	A	2,664,487	1,649,680	-1,014,807	-38.1%
SANTA ROSA TEL COOP	A	2,088,148	1,293,302	-794,846	-38.1%
WILDERNESS VALLEY	A	70,426	43,640	-26,786	-38.0%
THE ARTHUR MUTUAL	A	3,311,953	2,058,291	-1,253,662	-37.9%
SCANDINAVIA TEL CO	A	5,264,172	3,272,195	-1,991,977	-37.8%
MARNE & ELK HORN TEL	A	3,621,343	2,254,848	-1,366,495	-37.7%
LEWISPORT TEL CO	A	3,294,117	2,065,498	-1,228,619	-37.3%
CENTURYTEL-MW-WI	A	13,962,873	8,780,069	-5,182,804	-37.1%
WESTERN IOWA ASSN	A	8,341,128	5,272,457	-3,068,671	-36.8%
AMHERST TEL CO	A	9,887,327	6,251,652	-3,635,675	-36.8%
FARMERS DBA CHAPIN	A	2,087,765	1,320,155	-767,610	-36.8%
DOYLESTOWN TEL CO	A	6,633,435	4,211,665	-2,421,770	-36.5%
BELMONT TEL CO	A	1,643,467	1,045,245	-598,222	-36.4%
MABEL COOP TEL-IA	A	2,806,336	1,785,731	-1,020,605	-36.4%
PINE DRIVE TEL CO	A	2,685,035	1,714,128	-970,907	-36.2%
MOORE & LIBERTY TEL	A	2,392,763	1,528,219	-864,544	-36.1%
FRONTIER OF VIROQUA	A	8,511,536	5,464,691	-3,046,845	-35.8%
RONAN TEL CO	A	10,314,296	6,627,203	-3,687,093	-35.7%
CLEAR LAKE TEL CO-WI	A	4,736,487	3,045,377	-1,691,110	-35.7%
WINTHROP TEL CO	A	1,879,200	1,209,610	-669,590	-35.6%
CITY OF BARNESVILLE	A	3,164,284	2,037,380	-1,126,904	-35.6%
WINDSTREAM ACCUCOMM	A	9,942,410	6,411,440	-3,530,970	-35.5%

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TRIOTEL COMM-MCCOOK	A	5,315,225	3,436,178	-1,879,047	-35.4%
HILLSBORO TEL CO	A	3,564,959	2,308,843	-1,256,116	-35.2%
WINDSTREAM BUFFALO	A	40,862,822	26,472,368	-14,390,454	-35.2%
ROYAL TEL CO	A	2,967,077	1,925,412	-1,041,665	-35.1%
PROGRESSIVE RURAL	A	10,467,182	6,793,976	-3,673,206	-35.1%
GRIGGS COUNTY TEL CO	A	4,701,833	3,060,046	-1,641,787	-34.9%
NORTHWEST TEL COOP	A	2,548,221	1,662,439	-885,782	-34.8%
RIVER VALLEY TELECOM	A	1,926,027	1,257,396	-668,631	-34.7%
WEST IOWA TEL CO	A	8,988,629	5,873,090	-3,115,539	-34.7%
PEMBROKE TEL COOP	A	6,965,524	4,559,895	-2,405,629	-34.5%
OAKMAN TEL CO (TDS)	A	5,094,379	3,342,170	-1,752,209	-34.4%
SALEM TEL CO	A	4,783,786	3,138,763	-1,645,023	-34.4%
CITY OF BROOKINGS	A	44,190,541	29,040,412	-15,150,129	-34.3%
COON VALLEY FARMERS	A	5,017,834	3,298,186	-1,719,648	-34.3%
LONE ROCK CO-OP TEL	A	457,769	301,053	-156,716	-34.2%
PALMERTON TEL CO	A	29,371,790	19,347,972	-10,023,818	-34.1%
PALO COOP TEL ASSN	A	1,736,781	1,144,163	-592,618	-34.1%
MOSINEE TEL CO LLC	A	11,573,615	7,638,742	-3,934,873	-34.0%
BLANCHARD TEL. CO.	A	4,642,058	3,081,849	-1,560,209	-33.6%
MABEL COOP TEL - MN	A	1,772,025	1,177,117	-594,908	-33.6%
HAGER TELECOM INC.	A	6,185,759	4,111,088	-2,074,671	-33.5%
FRONTIER GEORGIA LLC	A	39,161,053	26,035,725	-13,125,328	-33.5%
MELROSE TEL CO	A	16,744,774	11,165,464	-5,579,310	-33.3%
KALIDA TEL CO	A	2,728,149	1,820,201	-907,948	-33.3%
HALSTAD TEL CO	A	4,179,012	2,790,962	-1,388,050	-33.2%
SURRY MEMBERSHIP	A	36,204,968	24,211,177	-11,993,791	-33.1%
BENTON COOP TEL CO	A	7,820,554	5,235,031	-2,585,523	-33.1%
TERRIL TEL. COOP.	A	2,912,429	1,952,790	-959,639	-32.9%
STATE LONG DISTANCE	A	24,560,847	16,488,083	-8,072,764	-32.9%
BERESFORD MUNICIPAL	A	3,206,958	2,154,088	-1,052,870	-32.8%
ELLSWORTH COOP ASSN	A	1,381,352	928,963	-452,389	-32.7%
RIVERSIDE TELECOM	A	5,982,123	4,029,772	-1,952,351	-32.6%
OGDEN TEL CO - IA	A	3,403,577	2,298,864	-1,104,713	-32.5%
WESTERN TEL CO	A	4,516,086	3,050,849	-1,465,237	-32.4%
MINNESOTA VALLEY TEL	A	1,274,749	864,037	-410,712	-32.2%
BAYLAND TEL, LLC	A	4,482,811	3,041,520	-1,441,291	-32.2%
MGW TEL. CO. INC.	A	4,979,719	3,383,687	-1,596,032	-32.1%
FEDERATED TEL COOP	A	4,937,647	3,362,766	-1,574,881	-31.9%
BALDWIN TELECOM	A	15,160,778	10,341,289	-4,819,489	-31.8%
FRANKLIN TEL CO - VT	A	2,515,488	1,716,243	-799,245	-31.8%
FARMERS INDEPENDENT	A	10,204,375	6,966,837	-3,237,538	-31.7%
SRT COMMUNICATIONS	A	112,254,565	76,695,335	-35,559,230	-31.7%
YADKIN VALLEY TEL	A	69,530,205	47,509,155	-22,021,050	-31.7%
VENUS TEL CORP	A	3,158,818	2,161,205	-997,613	-31.6%
BONDUEL TEL CO	A	3,090,716	2,128,177	-962,539	-31.1%
NORWAY TEL CO	A	1,978,884	1,363,155	-615,729	-31.1%
SHERWOOD MUTUAL TEL	A	2,121,516	1,463,814	-657,702	-31.0%
CLARKSVILLE MUTUAL	A	571,482	394,318	-177,164	-31.0%
GUNNISON TEL CO	A	4,773,374	3,294,519	-1,478,855	-31.0%
GEETINGSVILLE TEL CO	A	1,033,475	714,165	-319,310	-30.9%
DUNBARTON TEL CO	A	5,583,832	3,866,050	-1,717,782	-30.8%
MULBERRY COOP TEL CO	A	4,828,926	3,346,151	-1,482,775	-30.7%
FARMERS MUTUAL TEL	A	3,042,903	2,117,856	-925,047	-30.4%
MOUNTAIN VIEW TEL CO	A	19,711,525	13,720,131	-5,991,394	-30.4%
DICKEYVILLE TEL CORP	A	2,748,056	1,913,803	-834,253	-30.4%
TRI-COUNTY TEL CO	A	5,810,545	4,050,190	-1,760,355	-30.3%
GLASFORD TEL CO	A	1,323,190	922,935	-400,255	-30.2%
DRENTHE TEL CO	A	920,832	643,332	-277,500	-30.1%

**MOU DATA NECA AVERAGE SCHEDULE COMPANIES 2006 - 2010**

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WESTERN TEL CO.	A	2,546,626	1,792,437	-754,189	-29.6%
NTELOS, INC.	A	82,204,370	57,941,931	-24,262,439	-29.5%
WOOLSTOCK MUTUAL	A	302,705	213,431	-89,274	-29.5%
HIGHLAND TEL COOP	A	4,147,413	2,933,907	-1,213,506	-29.3%
WEST RIVER(MOBRIDGE)	A	7,748,936	5,489,064	-2,259,872	-29.2%
HARMONY TEL CO	A	2,526,132	1,802,295	-723,837	-28.7%
BURKE'S GARDEN TEL	A	598,010	428,588	-169,422	-28.3%
CHESTER TEL CO - SC	A	47,169,312	33,829,947	-13,339,365	-28.3%
LAKEFIELD TEL CO	A	3,255,717	2,338,714	-917,003	-28.2%
MIDSTATE COMM.	A	3,737,620	2,687,912	-1,049,708	-28.1%
BEGGS TEL CO	A	4,009,431	2,884,762	-1,124,669	-28.1%
PALMETTO RURAL COOP	A	39,010,377	28,099,226	-10,911,151	-28.0%
OXFORD COUNTY TEL	A	14,503,737	10,467,231	-4,036,506	-27.8%
COMMONWEALTH TEL CO	A	609,305,058	440,666,528	-168,638,530	-27.7%
CRAW-KAN TEL COOP-MO	A	9,363,378	6,781,475	-2,581,903	-27.6%
MANTI TEL CO	A	6,697,948	4,868,202	-1,829,746	-27.3%
TIPTON TEL CO	A	8,211,455	5,985,581	-2,225,874	-27.1%
POLAR COMM MUT AID-A	A	6,958,224	5,087,446	-1,870,778	-26.9%
HOME TEL CO INC	A	3,439,110	2,520,717	-918,393	-26.7%
KALEVA TEL CO	A	6,164,290	4,519,854	-1,644,436	-26.7%
CAMDEN TEL CO - IN	A	3,371,252	2,472,510	-898,742	-26.7%
LORETTO TEL CO	A	15,618,875	11,464,820	-4,154,055	-26.6%
HIGHLAND TEL COOP-TN	A	60,139,496	44,169,966	-15,969,530	-26.6%
BARAGA TEL CO	A	12,599,509	9,287,772	-3,311,737	-26.3%
PRESTON TEL CO	A	1,353,295	1,004,330	-348,965	-25.8%
CHESNEE TEL CO	A	11,878,412	8,836,589	-3,041,823	-25.6%
SKYLINE MEMBERSHIP	A	87,506,858	65,105,672	-22,401,186	-25.6%
SCHALLER TEL CO	A	6,662,482	4,958,857	-1,703,625	-25.6%
FRONTIER-MISSISSIPPI	A	12,938,929	9,660,773	-3,278,156	-25.3%
GRANTLAND TELECOM	A	7,978,669	5,960,814	-2,017,855	-25.3%
WEST POINT TEL CO	A	1,472,199	1,105,399	-366,800	-24.9%
JORDAN SOLDIERVALLEY	A	3,500,352	2,631,384	-868,968	-24.8%
NORTHERN TEL CO - MN	A	156,470	117,659	-38,811	-24.8%
RIDGEWAY TEL CO	A	7,926,679	5,964,098	-1,962,581	-24.8%
BEN LOMAND RURAL	A	78,524,075	59,105,985	-19,418,090	-24.7%
WINDSTREAM GA TEL.	A	21,471,783	16,274,021	-5,197,762	-24.2%
FRONTIER-ST.CROIX	A	30,073,532	22,841,899	-7,231,633	-24.0%
FARMERS TEL CO - WI	A	13,591,358	10,338,308	-3,253,050	-23.9%
TRI COUNTY TEL MEMBR	A	6,426,786	4,894,182	-1,532,604	-23.8%
CENTURYTEL-CHESTER	A	570,751	435,286	-135,465	-23.7%
THACKER/GRIGSBY TEL	A	21,440,970	16,484,250	-4,956,720	-23.1%
BLEDSE TEL COOP	A	30,072,562	23,214,548	-6,858,014	-22.8%
SODTOWN TEL CO	A	195,824	151,319	-44,505	-22.7%
GOLDFIELD TEL CO	A	1,111,153	863,314	-247,839	-22.3%
FT RANDALL-MT RUSHMR	A	15,917,835	12,535,436	-3,382,399	-21.2%
MANKATO-HICKORYTECH	A	68,884,219	54,368,174	-14,516,045	-21.1%
RANDOLPH TEL CO	A	8,194,564	6,489,834	-1,704,730	-20.8%
HILLS TEL CO-SD	A	1,453,333	1,152,466	-300,867	-20.7%
LATHROP TEL COMPANY	A	3,243,315	2,576,409	-666,906	-20.6%
BARRY COUNTY TEL CO	A	12,961,136	10,349,913	-2,611,223	-20.1%
ONSLow COOP TEL ASSN	A	409,003	326,875	-82,128	-20.1%
NEW LISBON TEL CO	A	1,046,282	847,023	-199,259	-19.0%
REDWOOD COUNTY TEL	A	10,582,224	8,589,974	-1,992,250	-18.8%
CASTLEBERRY TEL CO	A	3,952,043	3,218,984	-733,059	-18.5%
FRONTIER-LAMAR CNTY	A	8,348,052	6,827,374	-1,520,678	-18.2%
OTTOVILLE MUTUAL	A	2,054,766	1,682,051	-372,715	-18.1%
NORTH-EASTERN PA TEL	A	41,784,447	34,335,482	-7,448,965	-17.8%
NORTHWEST COMM COOP	A	13,566,976	11,244,919	-2,322,057	-17.1%

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ROCK PORT TEL CO	A	5,485,483	4,570,173	-915,310	-16.7%
HOOPER TEL CO	A	2,386,966	1,992,803	-394,163	-16.5%
STELLE TEL CO	A	259,116	217,260	-41,856	-16.2%
WINDSTREAM CONESTOGA	A	101,149,484	84,935,559	-16,213,925	-16.0%
SHOREHAM TEL CO INC.	A	13,007,796	11,124,131	-1,883,665	-14.5%
RANDOLPH MEMBERSHIP	A	16,604,363	14,200,668	-2,403,695	-14.5%
OAKWOOD TEL CO	A	3,207,760	2,746,363	-461,397	-14.4%
WINDSTREAM D&E	A	112,171,413	96,457,706	-15,713,707	-14.0%
MOUNTAIN RURAL COOP	A	42,932,164	36,984,214	-5,947,950	-13.9%
ATKINS TEL CO, INC	A	1,307,923	1,134,754	-173,169	-13.2%
GEARHEART-COALFIELDS	A	18,539,879	16,146,503	-2,393,376	-12.9%
MID STATE DBA KMP	A	3,650,606	3,201,099	-449,507	-12.3%
HICKORY TEL CO	A	2,663,179	2,350,124	-313,055	-11.8%
UNION SPRINGS TEL CO	A	27,104,803	24,004,956	-3,099,847	-11.4%
SAND CREEK TEL CO	A	2,882,432	2,566,315	-316,117	-11.0%
LAUREL HIGHLAND TEL	A	9,201,254	8,602,159	-599,095	-6.5%
AYERSVILLE TEL CO	A	2,981,044	2,816,305	-164,739	-5.5%
HILLS TEL CO, INC	A	2,554,761	2,417,568	-137,193	-5.4%
READLYN TEL CO	A	23,095,979	21,940,785	-1,155,194	-5.0%
BENTLEYVILLE TEL CO	A	4,383,833	4,227,909	-155,924	-3.6%
WABASH MUTUAL TEL CO	A	1,311,719	1,297,144	-14,575	-1.1%
LEONORE MUTUAL TEL	A	184,533	182,583	-1,950	-1.1%
YUKON - WALTZ TEL CO	A	2,539,532	2,515,183	-24,349	-1.0%
ABSARAKA COOP TEL CO	A	71,862	71,527	-335	-0.5%
FEDERATED TEL COOP	A	2,380,824	2,376,809	-4,015	-0.2%
CONSOLIDATED COMM-PA	A	206,753,723	206,475,759	-277,964	-0.1%
BASCOM MUTUAL TEL CO	A	2,090,267	2,088,787	-1,480	-0.1%
NORTHEAST TEL CO	A	20,881,916	21,295,085	413,169	2.0%
WAR ACQ. DBA WAR TEL	A	9,236,761	9,424,314	187,553	2.0%
INTERSTATE TELECOMM.	A	4,717,306	4,849,558	132,252	2.8%
ARMSTRONG TEL NORTH	A	1,671,191	1,742,750	71,559	4.3%
SHENANDOAH TEL CO	A	93,052,093	98,243,054	5,190,961	5.6%
MID-PLAINS TEL CO	A	139,503,085	149,593,450	10,090,365	7.2%
WEST SIDE TEL CO-PA	A	133,343	144,165	10,822	8.1%
TRENTON TEL CO	A	16,457,845	17,846,976	1,389,131	8.4%
BRANDENBURG TEL CO	A	79,024,184	87,602,664	8,578,480	10.9%
LOCKHART TEL CO INC	A	946,448	1,149,784	203,336	21.5%
VAN HORNE COOP TEL	A	1,906,099	2,351,523	445,424	23.4%
KLM TEL CO	A	3,379,095	4,172,511	793,416	23.5%
MID-COMM-HICKORYTECH	A	57,850,573	75,160,871	17,310,298	29.9%
WYOMING MUTUAL TEL	A	1,594,963	2,076,970	482,007	30.2%
LYNNVILLE TEL. CO.	A	6,368,456	9,135,312	2,766,856	43.4%
KILLDUFF TEL. CO.	A	1,733,417	2,775,812	1,042,395	60.1%
CLIMAX TEL CO	A	2,949,247	4,727,096	1,777,849	60.3%
SULLY TEL ASSOC	A	9,232,003	17,215,289	7,983,286	86.5%
CLEMENTS TEL CO	A	308,862	576,829	267,967	86.8%
NORTH COUNTRY TEL CO	A	295,438	579,216	283,778	96.1%
CIRCLE TEL & ELEC	A	49,688	128,382	78,694	158.4%
IRONTON TEL CO	A	13,261,177	83,284,098	70,022,921	528.0%
<b>Totals</b>		<b>5,682,753,737</b>	<b>3,533,392,711</b>	<b>-2,149,361,026</b>	<b>-37.8%</b>
<b>Average MOU Loss for Carriers Analyzed</b>					<b>-33.7%</b>